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HYDRO-ELECTRIC INQUIRY COMMISSION

21st December,1922.

MEMORANDUM TO THE CHAIRMAN:

Pursuant to instructions received from the Commission this brief has been prepared covering the period from the inception of the Ontario Power Company of Niagara Falls down to the end of the fiscal year, October 31st, 1921.

The first part of the brief deals with the history of the Company and other matters pertaining to the relations of the Hydro-Electric Power Commission of Ontario with the Company; the last part of the brief contains the Exhibits referred to in the foregoing brief.

By way of supplementing the brief there is available a report of Messrs. Price,Waterhouse & Co. dated the 9th October, 1922, entitled "Ontario Power Company of Niagara Falls and its subsidiary Ontario Transmission Company, Limited, Report on Investigation of Accounts for period from August 1,1917, to October 31, 1921."

It is suggested that the witnesses be called in the following order:

HYDRO-ELECTRIC INQUIRY COMMISSION

31st December, 1922.

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The first part of the brief deals with the history of the Company and other matters pertaining to the relations of the Hydro-Electric Power Commission of Ontario with the Company; the last part of the brief contains the Exhibits referred to in the foregoing brief.

By way of supplementing the brief there is available a report of Messrs. Price,Waterhouse & Co. dated the 5th October, 1922, entitled "Ontario Power Company of Niagara Falls and its subsidiary Ontario Transmission Company, Limited, Report on Investigation of Accounts for period from August 1,1917, to October 31, 1921."

It is suggested that the witnesses be called in the following order:

Memorandum to the Chairman

Mr. Bonthron
Mr. Clarkson
Mr Adam Beck
Mr. F.A.Gaby
Mr. W.W.Pope

During the hearing Mr. Walter J. Francis will be called in regard to his report on the accident at the Ontario Power Company plant on April 20th, 1922.

Appended hereto are lists of questions that are suggested should be asked the various witnesses.

All of which is respectfully submitted.

For Legal Department

Memorandum to the Chairman

Mr. Bonthron
Mr. Clarkson
Sir Adam Beck
Mr. F.A.Gaby
Mr. W.W.Pope

During the hearing Mr. Walter L. Francis will be called in regard to his report on the accident at the Ontario Power Company plant on April 20th, 1922.

Appended hereto are lists of questions that are suggested should be asked the various witnesses.

All of which is respectfully submitted.

For Legal Department

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED Mr. BONTHRON ON PUBLIC HEARING.

HISTORY.

1. When was the Ontario Power Company incorporated?
2. Under what authority?
3. What was the original name of the Company?
4. When was the name changed to the present name?
5. What was the amount of original capital?
6. What is the present authorized capital?
7. How much capital stock is outstanding?
8. When and how was the Ontario Transmission Company incorporated?
9. How much capital stock of the Transmission Company is outstanding?
10. Has the Ontario Power Company always owned all of the stock of the Transmission Company since its incorporation?

ACQUISITION BY HYDRO-ELECTRIC POWER COMMISSION.

11. When and how was the Ontario Power Company acquired by the Hydro-Electric Power Commission?
12. What was the purchase price of the stock?
13. How was the stock paid for by the Hydro-Electric Power Commission?
14. Are these Debentures guaranteed?
15. When did the Hydro-Electric Power Commission obtain final delivery of all the stock of the Ontario Power Company?
16. As of what date did the Hydro commence operating these properties?

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED MR. MONTGOMERY ON PUBLIC HEARING.

HISTORY.

1. When was the Ontario Power Company incorporated?

2. Under what authority?

3. What was the original name of the Company?

4. When was the name changed to the present name?

5. What was the amount of original capital?

6. What is the present authorized capital?

7. How much capital stock is outstanding?

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16. As of what date did the Hydro commence operating these properties?

ACQUISITION BY HYDRO-ELECTRIC POWER COMMISSION (Contd.)

17. What was the nature of the properties of the Power Company?

18. And of the Transmission Company?

19. What was the value of the assets acquired?

20. Were any liabilities assumed in the purchase?

21. Was the capital stock of the Transmission Company turned over to the Hydro or where is this stock?

CHANGES IN FINANCIAL POSITION.

22. How much was advanced by the Hydro to the Ontario Power Company from August 1,1917 to October 31,1921?

23. What other funds were accumulated as a result of the operations of this period?

24. What disposition was made of the total of these funds?

INTANGIBLES.

25. How much intangibles were included inthe assets of the Ontario Power Company?

26. Is it not the fact that the $10,000,000.00 par value of Power Company stock was purchased for $8,000,000.00 and no separate consideration was given for the $1,000,000.00 par value of Transmission Company stock?

27. What effect did this have on the total cost of the intangibles so far as the Hydro-Electric Power Commission was concerned?

28. However it would appear that the consideration of $8,000,000.00 was fully represented by intangibles?

29. And that prior to the sale the total issued capital of each Company was offset by intangibles?

ACQUISITION BY HYDRO-ELECTRIC POWER COMMISSION (Contd.)

17. What was the nature of the properties of the Power Company?

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27. What effect did this have on the total cost of the intangibles so far as the Hydro-Electric Power Commission was concerned?

28. However it would appear that the consideration of $2,000,000.00 was fully represented by intangibles?

29. And that prior to the sale the total issued capital of each Company was offset by intangibles?

PLANT.

30. What has been the principal addition to the property since it was acquired by the Hydro-Electric Power Commission?

31. Aside from the Third Pipe Line, how much was expended on additions to the property during the three years ending October 31,1921?

32. What was the total cost of the Third Pipe Line and the other plant changes on account of this development?

33. From what source or sources were these funds obtained?

34. Where did the Hydro-Electric Power Commission get the money?

ACCOUNTS AND CLAIMS RECEIVABLE.

35. Are there any disputed charges included in the accounts receivable?

36. What is the nature of the dispute with the Department of Railways and Canals?

37. And with the Niagara, Lockport and Ontario Power Company?

38. Was a final settlement effected with Mr.Albright the vendor of the property?

39. What is the status of this matter?

40. What does this claim comprise?

41. Has any legal action been taken to obtain a settlement?

42. With what result?

DISCOUNT ON BONDS.

43. How much discount on bonds was carried as an asset in the accounts when the properties were acquired by the Hydro-Electric Power Commission in 1917?

PLANT.

30. What has been the principal addition to the property since it was acquired by the Hydro-Electric Power Commission?

31. Aside from the Third Pipe Line, how much was expended on additions to the property during the three years ending October 31,1931?

32. What was the total cost of the Third Pipe Line and the other plant changes on account of this development?

33. From what source or sources were these funds obtained?

34. Where did the Hydro-Electric Power Commission get the money?

ACCOUNTS AND CLAIMS RECEIVABLE.

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37. And with the Niagara, Lockport and Ontario Power Company?

38. Was a final settlement effected with Mr.Albright the vendor of the property?

39. What is the status of this matter?

40. What does this claim amount?

41. Has any legal action been taken to obtain a settlement?

42. With what result?

DISCOUNT ON BONDS.

43. How much discount on bonds was carried as an asset in the accounts when the properties were acquired by the Hydro-Electric Power Commission in 1927?

DISCOUNT ON BONDS (Contd.)

44. Has any further discount been added to this account up to October 31, 1921?

45. How much of this total bond discount was charged against the profit and loss account during this period?

46. How much bond discount was included as a deferred debit in the balance sheet at October 31,1921?

47. How is this bond discount being disposed of?

48. Is it being handled on a proper basis?

AMERICAN EXCHANGE.

49. We understand it has been necessary for the Company to incur some rather heavy expense in connection with American exchange?

50. What did this expense amount to during the period the property has been operated by the Commission down to October 31,1921?

51. How were these expenses treated in the accounts - were they charged to profit and loss?

52. Then there is a part of this premium on American funds still carried in the accounts and not yet charged to profit and loss?

53. How is this being handled?

54. Then this exchange will be included in future power bills of the Niagara System?

BONDS.

55. What bonds were assumed on the purchase of the Company by the Hydro-Electric Power Commission?

56. Have some of these been paid since August 1,1917?

57. From what source or sources were the funds obtained to redeem these bonds?

58. What amount of Company bonds remained outstanding on October 31,1921?

DISCOUNT ON BONDS (Contd.)

44. Has any further discount been added to this account up to October 31, 1931?

45. How much of this total bonds discount was charged against the profit and loss account during this period?

46. How much bond discount was included as a deferred debit in the balance sheet at October 31,1931?

47. How is this bond discount being disposed of?

48. Is it being handled on a proper basis?

AMERICAN WEDDINGS.

49. We understand it has been necessary for the Company to incur some rather heavy expense in connection with American work.

50. What did this expense amount to during the period the property has been operated by the Commission down to October 31,1931?

51. How were these expenses treated in the accounts - were they charged to profit and loss?

52. Then there is a part of this premium on American funds still carried in the accounts and not yet charged to profit and loss?

53. How is this being handled?

54. Then this expense will be included in future power bills of the Niagara System?

BONDS.

55. What bonds were assumed on the purchase of the Company by the Ontario-Electric Power Commission?

56. Have none of these been paid since August 1,1917?

57. From what source or sources were the funds obtained to redeem these bonds?

58. What amount of Company bonds remained outstanding on October 31,1931?

BONDS (Contd.)

59. Does that figure include any part of the bonds which became due in 1921?

60. Why were these not paid?

61. Have any further bonds been issued beyond the amount shown inthe balance sheet of October 31,1921 as a direct liability?

62. What disposition has been made of these?

63. How much of the second mortgage 6% Debentures were outstanding on June 24,1921?

64. How were the bonds retired?

65. Were these debentures sold at a discount?

66. How much discount?

67. Any other expenses in connection with this issue?

68. And a premium was also paid on funds to pay off the $2,753,000.00 of old bonds. How much was that?

69. Then what was the total cost of paying off the bonds in discount, American exchange and other expenses?

70. What premium was paid for the American funds?

71. Is the interest on the bonds and other obligations being charged into the accounts as it accrues?

RESERVE FOR RENEWALS.

72. What was the total amount of the reserve for renewals of the plant at October 31,1921?

73. What part of this reserve was set apart as of August 1,1917?

74. How much was added to the reserve from August 1,1917 to October 31,1921

BONDS (Contd.)

59. Does that figure include any part of the bonds which became due in 1921?

60. Why were these not paid?

61. Have any further bonds been issued beyond the amount shown in the balance sheet of October 31,1921 as a direct liability?

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64. How were the bonds retired?

65. Were these debentures sold at a discount?

66. How much discount?

67. Any other expenses in connection with this issue?

68. And a premium was also paid on Trustees to pay off the $2,723,000.00 of old bonds. How much was that?

69. Then what was the total cost of paying off the bonds in discount, American exchange and other expenses?

70. What premium was paid for the American funds?

71. Is the interest on the bonds and other obligations being charged into the accounts as it accrues?

RESERVE FOR RENEWALS.

72. What was the total amount of the reserve for renewals of the plant at October 31,1921?

73. What part of this reserve was set apart as of August 1,1917?

74. How much was added to the reserve from August 1,1917 to October 31,1921

RESERVE FOR RENEWALS (Contd.)

75. Have these provisions been made each year?

76. Have there been some charges against this reserve?

77. How were the renewal provisions calculated?

SINKING FUNDS.

78. Are sinking funds being provided in respect of the various bond issues?

79. On what basis - that is, over what period or periods of years?

80. Then apparently inthe cases of some of these issues there will not be sufficient amounts in the sinking fund to pay off the bonds at maturity?

81. What will require to be done with reference to maturities to the extent they are not provided for by sinking fund?

82. How did you arrive at the figure of $150,000.00 per annum in the case of one issue mentioned? Is this an equal annual amount?

83. Then this estimate would depend upon the generating units being operated at about normal capacity?

84. How much was paid into the sinking fund on this basis for the calendar year 1921.

85. So that to the extent the payments into the sinking fund on the basis of $1.00 per H.P. may fall short of $150,000.00 per annum the deficiency you mentioned would be increased.

RESERVE FOR CONTINGENCIES.

86. What was the balance in the reserve for contingencies at October 31,1921?

RESERVE FOR RENEWALS (Contd.)

75. Have these provisions been made each year?

76. Have there been some charges against this reserve?

77. How were the renewal provisions calculated?

SINKING FUND.

78. Are sinking funds being provided in respect of the various bond issues?

79. On what basis - that is, over what period or periods of years?

80. Then apparently in the cases of some of those issues there will not be sufficient amounts in the sinking fund to pay off the bonds at maturity?

81. What will require to be done with reference to maturities to the extent they are not provided for by sinking funds?

82. How did you arrive at the figure of $180,000.00 per annum in the case of one issue mentioned? Is this an equal annual amount?

83. Then this estimate would depend upon the generating units being operated at about normal capacity?

84. How much was paid into the sinking fund on this basis for the calendar year 1941.

85. So that to the extent the payments into the sinking fund on the basis of $1.00 per M.P. may fall short of $180,000.00 per annum the deficiency you mentioned would be increased.

RESERVE FOR CONTINGENCIES.

86. What was the balance in the reserve for contingencies at October 31,1941?

RESERVE FOR CONTINGENCIES (Contd.)

87. What is the nature of the account? Is it a general reserve or is it earmarked for particular contingencies?

88. What amounts may probably not be needed for these purposes?

89. Then to the extent of at least $117,000.00 this account may likely become applicable to general contingencies?

DEPOSIT WITH SUPREME COURT OF ONTARIO.

90. What is the purpose of the deposit with the Supreme Court of Ontario?

91. Then these funds are returnable to the general funds of the Company?

OPERATING RESULTS.

92. What were the profit and loss results from operation from August 1,1917 to October 31,1921?

93. On what basis were those results determined?

94. After making the interest adjustment you have referred to what would the results be?

95. And the results for the periods ending October 31, 1918 and 1919 are before making any provision for renewals?

96. How much per year were the renewal provisions in the years ending October 31,1920 and 1921?

97. Then if similar provisions had been made in 1918 and 1919 would there have been profits in any period?

98. Has any arrangement been made as to the basis of assessment of taxes on the property of the Company?

99. Have the operations of the Ontario Power Company been charged with any of the general administrative expenses of the Hydro?

RESERVE FOR CONTINGENCIES (Contd.)

87. What is the nature of the account? Is it a general reserve or is it earmarked for particular contingencies?

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98. Has any arrangement been made as to the basis of measurement of owners on the property of the Company?

99. Have the operations of the Ontario Power Company been charged with any of the general administrative expenses of the Hydro?

OPERATING RESULTS. (Contd.)

100. Have any salaries been paid by the Ontario Power Company to any members or employees of the Hydro-Electric Power Commission?

101. To whom were these payments made and in what amounts?

102. Are these salaries in each instance additional to the salaries paid directly by the Hydro-Electric Power Commission?

103. What amount of power was sold to the Niagara, Lockport and Ontario Power Co. that is exported to the United States?

CONTINGENT LIABILITIES.

104. Were there at October 31,1921 any contingent liabilities of the Company, that you know of, other than those already mentioned?

OPERATING REVENUE. (Contd.)

100. Have any salaries been paid by the Ontario Power Company to any members or employees of the Hydro-Electric Power Commission?

101. To whom were these payments made and in what amount?

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CONTINGENT LIABILITIES.

104. Were there at October 31,1921 any contingent liabilities of the Company, that you know of, other than those already mentioned?

CONTRACTS.

105. What are the more important contracts of the Ontario Power Company?
(a). Commissioners of Queen Victoria Niagara Falls Park.
(b). Niagara Lockfort & Ontario Power Co.
(c).The American Cyanamid Co.

106. What period did the contract with the Queen Victoria Niagara Falls Park cover?

107. Did the Co. have any option for renewal?

108. What disposition would be made of the properties at the end of the final renewal period?

109. What was the nature of this contract?

110. What consideration was payable for the rights granted under the contract?

111. When does the contract with the Niagara Lockport & Ontario Power Co. terminate?

112. Was this a contract for the sale of power?

113. What basis of payment is provided in the contract?

114. Have payments been made by the Co. in United States funds?

115. What is the nature of the contract with the American Cyanamid Co?

116. What maximum quantity of power is provided for?

117. At what rate per horse power, per annum?

118. When does this contract terminate?

119. Any restriction in this contract regarding sales of power to competitors?

CONTRACTS.

105. What are the more important contracts of the Ontario Power Company?
(a). Commitments of Queen Victoria Niagara Falls Park.
(b). Niagara Harbour & Ontario Power Co.
(c). The American Dynamid Co.

106. What period did the contract with the Queen Victoria Niagara Falls Park cover?

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116. What maximum quantity of power is provided for?

117. At what rate per horse power, per annum?

118. When does this contract terminate?

119. Any restriction in this contract regarding sales of power to competitors?

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED MR. G.T.CLARKSON

1. We understand, Mr. Clarkson, that you have prepared an operative statement of the Ontario Power Company for the fiscal year ending 31st October, 1922, and we would ask you to present your statement and explain to us the operating condition disclosed by this statement.

2. Has adequate provision been made in respect to:
   (a) interest charges; (b) sinking fund;
   (c) Reserve for renewals; (d) reserve for contingencies.

3. What relation does the operation of the Ontario Power Company bear to the Niagara system.

4. Have you made any calculation as to the physical loss arising out of the accident which occurred 20th April, 1922

5. What has been the loss in revenue as a result of the accident 20th April, 1922.

6. Have the rates in the Niagara System been increased in order to offset the loss of revenue due to the accident and, if so, how much.

7. In your estimate of the capital loss and loss of revenue due to the accident have you taken care of any fixed charges in respect to the original cost of the construction of the Third pipe line on account of it being inoperative.

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED MR. G.E.GLADSTONE

1. We understand,Mr. Gladstone, that you have prepared an operative statement of the Ontario Power Company for the fiscal year ending 31st October, 1922, and we would ask you to present your statement and explain to us the operating condition disclosed by this statement.

2. Has adequate provision been made in respect to:
(a) interest charges; (b) sinking fund;
(c) reserve for renewals; (d) reserve for contingencies.

3. What relation does the operation of the Ontario Power Company bear to the Niagara system.

4. Have you made any calculation as to the physical loss arising out of the accident which occurred 20th April,192

5. What has been the loss in revenue as a result of the accident 20th April, 1922.

6. Have the rates in the Niagara System been increased in order to offset the loss of revenue due to the accident and, if so, how much.

7. In your estimate of the capital loss and loss of revenue due to the accident have you taken care of any fixed charges in respect to the original cost of the construction of the third pipe line on account of it being inoperative.

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED SIR ADAM BECK

L 1. What were the charter rights of the Ontario Power Company of Niagara Falls?

2. Why had the Hydro-Electric Power Commission accepted the tender of the Ontario Power Company for the supply of power?

3. Did any other Companies tender?

4. What were the particulars of the agreement between the Company and the Commission for the supply of power?

5. Was not this agreement very favourable to the Commission particularly in respect to price of power and duration of contract?

6. Did the Hydro-Electric Power Commission purchase power from any other company at Niagara?

7. In what year, or years, and at what price, or prices?

8. What were the circumstances under which the Company accepted the offer of the Hydro-Electric Power Commission for the purchase of the Company in 1917?

9. Why did the Hydro-Electric Power Commission wish to acquire this Company?

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED SIR ADAM BECK

1. What were the charter rights of the Ontario Power Company of Niagara Falls?

2. Why had the Hydro-Electric Power Commission accepted the tender of the Ontario Power Company for the supply of power?

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7. In what year, or years, and at what price, or prices?

8. What were the circumstances under which the Company accepted the offer of the Hydro-Electric Power Commission for the purchase of the Company in 1917?

9. Why did the Hydro-Electric Power Commission wish to acquire this Company?

10. Had not it been the policy of the Hydro-Electric Power Commission previous to this to transmit and distribute power and not develop same? What was the reason for changing the policy in this regard?

11. Were the municipalities consulted with respect to the outlay of money necessary to affect the purchase?

12. Why was the payment made in the Hydro-Electric Power Commission's bonds and not in Province of Ontario bonds? Was this the first instance of Hydro-Electric Bonds being used?

13. What was the capital stock outstanding of the Ontario Power Company at the time of the purchase?

14. At what price per share did you acquire this stock? Was this the market value?

15. What other company, or companies, were owned by the Ontario Power Company? and what was their authorized capitalisation?

16. Had the Company under its charge the right to construct the third Pipe line?

17. Did the Company ever make application to the Commission to construct this Line?

18. Was this application accepted or refused?

10. Had not it been the policy of the Hydro-Electric Power Commission previous to this to transmit and distribute power and not develop some? What was the reason for changing the policy in this regard?

11. Were the municipalities consulted with respect to the outlay of money necessary to effect the purchase?

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15. What other company, or companies, were owned by the Ontario Power Company? and what was their authorized capitalization?

16. Had the Company under its charge the right to construct the third pipe line?

17. Did the Company ever make application to the Commission to construct this line?

18. Was this application accepted or refused?

19. What was your attitude, if any, in connection with the construction of this pipe line?

20. Whether in your opinion the Company would have been willing to sell had they not been refused permission to construct this third pipe line?

21. Is this third pipe line in operation now,? If not, why?

22. Were the transactions regarding the purchase arranged by you personally?

23 Had the Commissioners as a body discussed the matter previous to the purchase agreement being signed?

24. What was the price paid?

25. How was this arrived at?

26. What steps were taken by the Hydro-Electric Power Commission to determine the purchase price?

27. Had you knowledge of any other interest negotiating for the purchase of this Company?

28. It has been stated that Mr. Allbright realized that it was a bad bargain to have 100,000 h.p. tied up for 50 years at $9.00 per h.p. and that accordingly the purchase price was fixed by you and accepted by Mr. Allbright without discussion? Have you anything to state as to this story?

19. What was your attitude, if any, in connection with the construction of this pipe line?

20. Whether in your opinion the Company would have been willing to sell had they not been refused permission to construct this third pipe line?

21. Is this third pipe line in operation now,? If not, why?

22. Were the transactions regarding the purchase arranged by you personally?

23 Had the Commissioners as a body discussed the matter previous to the purchase agreement being signed?

24. What was the price paid?

25. How was this arrived at?

26. What steps were taken by the Hydro-Electric Power Commission to determine the purchase price?

27. Had you knowledge of any other interest negotiating for the purchase of this Company?

28. It has been stated that Mr. Allright realized that it was a bad bargain to have 100,000 h.p. tied up for 30 years at $2.00 per h.p. and that accordingly the purchase price was fixed by you and accepted by Mr. Allright without discussion? Have you anything to state as to this account.

29. In your speech before the House of Representatives at Washington April 15th, 1918, you stated that the "revenue from our two firm contracts, one with the municipalities and one with the Niagara Lockport and Ontario Power Company expiring 1950 will be sufficient to maintain the plant at the highest point of efficiency and provide for renewal and depreciation charges and operation and at the same time accumulate sufficient revenue to retire the whole of the debt in 25 years." What have you to say now in respect to this matter?

30. What was your ultimate object in taking over this plant? Did you intend to scrap same?

31. If you did not intend to scrap the plant what did you mean by the statement in the speech at Washington to the effect that the 10,000 or 12,000 cubic feet per second now being used in the Ontario Power plant would be used in connection with the Queenston-Chippawa scheme?

32. Are the directors of the Ontario Power Company receiving salaries as officers of the said Company?

33. What authority was given for the payment of these salaries?

29. In your speech before the House of Representatives at Washington April 15th, 1918, you stated that the "revenue from our two firm contracts, one with the municipalities and one with the Niagara Lockport and Ontario Power Company expiring 1950 will be sufficient to maintain the plant at the highest point of efficiency and provide for renewal and depreciation charges and operation and at the same time accumulate sufficient revenue to retire the whole of the debt in 25 years." What have you to say now in respect to this matter?

30. What was your ultimate object in taking over this plant? Did you intend to betray same?

31. If you did not intend to betray the plant what did you mean by the statement in the speech at Washington to the effect that the 10,000 or 12,000 cubic feet per second now being used in the Ontario Power plant would be used in connection with the Queenston-Chippewa scheme?

32. Are the directors of the Ontario Power Company receiving salaries as officers of the said Company?

33. What authority was given for the payment of these salaries?

34. Do you consider the existing contracts for the supply of power to other companies profitable?

35. Is not the contract with the Niagara, Lockport, and Ontario Power Company a losing proposition?

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED MR. F. A. GABY

(This really merges to a large extent with that of the examination of Sir Adam Beck as he will no doubt be called upon by Sir Adam Beck to answer the majority of the questions put to Sir Adam.)

1. Have you anything to say regarding the service of the supply of power made by the Ontario Power Company during the time previous to the acquisition of the Company by the Hydro-Electric Power Commission?

2. What were the particulars of the contract for the supply of power?

3. What was the limit in horsepower to be reserved for the use of the Hydro-Electric Power Commission?

4. When was the total amount requisitioned for?

5. Had the Ontario Power Company at any time rendered available the full allotment of 100,000 h.p.?

6. What were the reasons for the Commission purchasing the Company?

6. What was your opinion at the time of the purchase of the value of the franchise and contracts which the Ontario Power Company had entered into?

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED MR. F. A. GRAY

(This really merges to a large extent with that of the examination of Sir Adam Beck as he will no doubt be called upon by Sir Adam Beck to answer the majority of the questions put to Sir Adam.)

1. Have you anything to say regarding the service of the supply of power made by the Ontario Power Company during the time previous to the negotiations of the Company by the Hydro-Electric Power Commission?

2. What were the particulars of the contract for the supply of power?

3. What was the limit in horsepower to be reserved for the use of the Hydro-Electric Power Commission?

4. When was the total amount requisitioned for?

5. Had the Ontario Power Company at any time tendered available the full allotment of 100,000 h.p.?

6. What were the reasons for the Commission purchasing the Company?

7. What was your opinion at the time of the purchase of the value of the franchise and contracts which the Ontario Power Company had entered into?

8. Did you consider these of a profitable nature?

9. On what information did you base your opinion?

10. How was the amount of the purchase price arrived at?

11. Did you make a report to the Commission on the value of the plant and equipment previous to the purchase and have you that report available?

12. What have you to say as to the service of power supplied to the Niagara, Lockport and Ontario Power Company by the Commission, particularly in the early part of 1919?

13. Did you compile estimates in respect to the cost of the construction of the wood stave pipe line?

14. What was the estimate?

15. What is the amount expended to date on this construction?

16. How do you account for the difference?

(If inquiry is to go into the question of the accident of April 20th, 1922, Mr. Gaby might be questioned as to his knowledge of this matter.)

8. Did you consider these of a profitable nature?

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10. How was the amount of the purchase price arrived at?

11. Did you make a report to the Commission on the value of the plant and equipment previous to the purchase and have you that report available?

12. What have you to say as to the service of power supplied to the Niagara, Lockport and Ontario Power Company by the Commission, particularly in the early part of 1927?

13. Did you compile estimates in respect to the cost of the construction of the wood stave pipe line?

14. What was the estimate?

15. What is the amount expended to date on this construction?

16. How do you account for the difference?

(If inquiry is to go into the question of the accident of April 20th, 1922, Mr. Gaby might be questioned as to his knowledge of this matter.)

ONTARIO POWER COMPANY

QUESTIONS TO BE ASKED MR. W. W. POPE

1. What is your conception of the powers granted to the Ontario Power Company under their Charter?

2. Have you any knowledge of the early history of this Company?

3. What is the original capital?

4. What is the present authorized capital?

5. How much capital stock is outstanding?

6. How is the Ontario Transmission Company incorporated?

7. How much capital stock of the Transmission Company is outstanding?

8. What is your opinion of the value of the agreement for power between the Hydro-Electric Power Commission and the Ontario Power Company?

9. Was not this agreement very favourable to the Hydro, having in mind the price per horsepower and the duration of the contract?

10. When and how was the Ontario Power Company acquired by the Hydro-Electric Power Commission?

11. Can you state definitely as to whether the matter of the purchase was discussed by the Commission?

ONTARIO POWER COMPANY

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10. When and how was the Ontario Power Company acquired by the Hydro-Electric Power Commission?

11. Can you state definitely as to whether the matter of the purchase was discussed by the Commission?

12. Was this deal not practically closed by Sir Adam Beck?

13. Was there any danger of interests adverse to the Chippawa scheme getting control of the Ontario Power Company?

14. Where the municipalities consulted as to the purchase?

15. What was the consideration paid and in what manner was payment made?

16. Was not the act of the Hydro-Electric Power Commission in going into the business of developing power in direct violation of the agreement of the Queen Victoria-Niagara Falls Park Commission with the private companies whereby the said Park commissioners agree not to enter into competition?

12. Was this deal not practically closed by Mr Adam Beck?

13. Was there any danger of interests adverse to the Chippewa scheme getting control of the Ontario Power Company?

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16. Was not the act of the Hydro-Electric Power Commission in going into the business of developing power in direct violation of the agreement of the Queen Victoria-Niagara Falls Park Commission with the private companies whereby the said Park commissioners agree not to enter into competition?

ONTARIO POWER COMPANY

Incorporation of Company

The Ontario Power Company of Niagara Falls was originally incorporated with an authorized capital of $250,000 by special act of the Dominion of Canada, dated June 23, 1887. The Company it appears was brought into existence, under the name of the Canadian Power Company, by Bankier Payne, who interested Oliver White of Buffalo in the enterprise. Later on control was acquired by John Joseph Albright of Buffalo, N. Y., who had associated with him Langdon Albright, Fred D. Corey and others. The Company did not assume its present name until July 10, 1899, when by a further act the name was changed. The authorized capital stock was increased at different times until a total par value of $15,000,000 was reached. The privileges granted to it included "full power to construct, equip, maintain and operate a canal and hydraulic tunnel from some point on the Welland River, at or near its junction with the Niagara River, to a point or points on the west bank of the Niagara River, about or south of the Whirlpool, and from a point or points in the Niagara River immediately south of the head of the Rapids, near the Welland River about or south of Clark Hill, together with permanent works necessary for carrying out the company's purposes." The powers granted were very broad and even included the right to build railways.

In 1900 the Company entered into an agreement, usually termed the "First agreement", with the Queen Victoria

ONTARIO POWER COMPANY

Incorporation of Company

The Ontario Power Company of Niagara Falls was originally incorporated with an authorized capital of $250,000 by special act of the Dominion of Canada, dated June 25, 1887. The Company in appearance was brought into existence, under the name of the Canadian Power Company, by Senator Young, who interested Oliver White of Buffalo in the enterprise. Later on control was acquired by John Joseph Albright of Buffalo, N. Y., who had associated with him Langdon Albright, Fred D. Corey and others. The Company did not assume its present name until July 10, 1889, when by a further act the name was changed. The authorized capital stock was increased at different times until a total par value of $15,000,000 was reached. The privileges granted to it included "full power to construct, equip, maintain and operate a canal and hydraulic tunnel from some point on the Welland River, at or near its junction with the Niagara River, to a point or points on the west bank of the Niagara River, about or south of the Whirlpool, and from a point or points in the Niagara River immediately south of the head of the Rapids, near the Welland River about or south of Black Hill, together with permanent works necessary for carrying out the company's purposes." The powers granted were very broad and even included the right to build railways.

In 1900 the Company entered into an agreement, usually termed the "first agreement", with the Queen Victoria

Niagara Falls Park Commission, by which water might be conducted in an open channel from the Welland River to a power house in the Park. The scheme contemplated conducting the spent waters from the tailrace of the first development by subterranean channel to a proposed power house situated somewhhre in the Gorge below the Falls, thus acquiring a so-called double head. For the privileges granted under the agreement, the Company undertook to pay an annual rental of $15,000 and, in addition, certain specified rentals based on the actual amounts of power developed as set out in full at page 32 herein.

Revision of Rights

The Company in addition to the rights obtained for conducting water from the Welland River, applied for rights to divert water from the Niagara River. Pursuant to this application, on June 28th, 1902, an agreement known as the "complementary agreement" was made with the Park Commissioners. By this agreement the rights of location and construction, related to what is termed the first development of the agreement of 1900, were surrendered and the proposed open hydraulic canal, running through the Park, abandoned. Instead provision was made to conduct water from the Welland and Niagara Rivers by means of parallel lines of underground pipes or conduits (pipe lines). The Order-in-Council of October 7, 1902 by which the

Niagara Falls Park Commission, by which water might be conducted in an open channel from the Welland River to a power house in the Park. The scheme contemplated conducting the spent waters from the tailrace of the first development by subterranean channel to a proposed power house situated somewhere in the Gorge below the falls, thus requiring a so-called double head. For the privileges granted under the agreement, the Company undertook to pay an annual rental of $15,000 and, in addition, certain specified rentals based on the actual amounts of power developed as set out in full at page 37 herein.

Revision of Rights

The Company in addition to the rights obtained for conducting water from the Welland River, applied for rights to divert water from the Niagara River. Pursuant to this application, on June 20th, 1903, an agreement known as the "supplementary agreement" was made with the Park Commissioners. By this agreement the rights of location and construction, related to what is termed the first development of the agreement of 1900, were surrendered and the proposed open Aylmerite canal, running through the Park, abandoned. Instead provision was made to conduct water from the Welland and Niagara Rivers by means of parallel lines of underground pipes or conduits (pipe lines). The Order-in-Council of October 7, 1903 by which the

Lieutenant Governor approved the supplementary and ancillary agreements, contains the important proviso that the approval is given provided that the works, plans, profiles and elevations are to be submitted for the approval of the Commissioners, and shall before such approval is given be approved by the Lieutenant-Governor in Council.

Consequent upon this provision there was submitted a map showing proposed works of the Company at Dufferin Islands and dated December 10, 1902. This plan shows the line of three pipes, each of which is indicated as being 18 feet in internal diameter.

Plant

The power house is situated in the Gorge below the Falls and the intake near the Dufferin Islands, above the Falls. The water is conveyed a distance of six thousand feet by means of three underground conduits (until 1917 only two), each of 18 feet internal diameter.

The amount of power which the company is permitted to generate is not specified in the agreement, but in the reports of the Park Commission the amount as mentioned for the Niagara River intake is that sufficient to generate 180,000 h.p. Plans of the development show a provision for 22 units, each having a nominal capacity of 10,000 to 12,000 h.p.

The quantity of water required for the complete plant is computed by the International Waterways Commission

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Consequent upon this provision there was submitted a map showing proposed works of the Company at Butterfly Islands and dated December 10, 1902. This plan shows the line of three pipes, each of which is indicated as being 18 feet in internal diameter.

Plant

The power house is situated in the Gorge below the falls and the intake near the Butterfly Islands, above the falls. The water is conveyed a distance of six thousand feet by means of three underground conduits (until 1917 only two), each of 18 feet internal diameter.

The amount of power which the company is permitted to generate is not specified in the agreement, but in the reports of the Park Commission the amount as mentioned for the Niagara River intake is that sufficient to generate 180,000 h.p. Plans of the development show a provision for 22 units, each having a nominal capacity of 10,000 to 12,000 h.p.

The quantity of water required for the complete plant is computed by the International Waterways Commission

to be about 12,000 second feet. The Order-in-Council of June 18th, 1914, allowed the Company 11,180 second feet. The Third Pipe Line, constructed in 1917, required an additional diversion of 2,100 second feet, and according to a report made by General Taylor the quantity of water being diverted in 1920 by the Ontario Power Company was 13,300 second feet.

Terms of License

The license is granted for a term of 50 years commencing April 1st, 1900. The Company has the option of three renewal periods of 20 years each, bringing the total period under option to 100 years. The Lieutenant-Governor in Council may, after giving specified notice, require the Company to continue its operations for a further term of 20 years, thus making in all 130 years. Provision is made for the readjustment of rentals at each renewal period.

The average amount of power developed has been as follows:

1908	- 13,535 h.p.
1911	- 54,765 h.p.
1921	-190,000 h.p.

to be about 12,000 second feet. The Order-in-Council of June 18th, 1914, allowed the Company 11,180 second feet. The Third Pipe Line, commenced in 1917, required an additional diversion of 1,100 second feet, and according to a report made by General Taylor the quantity of water being diverted in 1920 by the Ontario Power Company was 12,800 second feet.

Terms of Licence

The licence is granted for a term of 50 years commencing April 1st, 1900. The Company has the option of three renewal periods of 50 years each, bringing the total period under option to 100 years. The Lieutenant-Governor in Council may, after giving specified notice, require the Company to continue its operations for a further term of 50 years, thus making in all 150 years. Provision is made for the readjustment of rentals at each renewal period.

The average amount of power developed has been as follows:

1908	- 12,825 h.p.
1911	- 54,728 h.p.
1921	-130,000 h.p.

AFFILIATED COMPANIES.

The following power distributing Companies in Canada are affiliated with the Ontario Power Company:

1 - The Ontario Transmission Company;

2 - The Ontario Distributing Company;

3 - The Falls Power Company;

4 - The Niagara, Lockport and Ontario Power Company.

1 - THE ONTARIO TRANSMISSION COMPANY. The chief distributing company in Canada for the Ontario Power Company, was incorporated by Letters Patent on July 14th, 1905, under the laws of the Dominion of Canada, with an authorized capital of $1,000,000. Under its charter the Company had very wide powers. On September 14th, 1905, this Company was granted an Ontario license (63 Victoria, Chap. 24). The terms on which the Ontario Transmission Company leased to the Ontario Power Company all its undertakings and properties from May 1st, 1910, is set out in the agreement, an excerpt from which may be found at page 40 herein. The entire amount of capital stock was owned by the Ontario Power Company of Niagara Falls.

The Transmission Company owned and operated transmission lines and distributing stations in the Niagara peninsula. The properties were under lease to the Ontario Power Company and were used by that Company in the transmission to its customers of electrical energy generated at the Niagara Falls plant.

2 - ONTARIO DISTRIBUTING COMPANY. The Ontario Distributing Company was incorporated by Ontario Letters Patent on January 24th, 1906, with powers "to supply steam heat, electricity or natural gas for heat, light and power; to construct, maintain, complete and operate works for the production, sale and distribution of electricity for the purposes of light, heat and power." This Company distributed power from the Ontario Power Company

in the townships of Stamford and Niagara, Lincoln and Welland Counties, Ontario.

3 - THE FALLS POWER COMPANY. The Falls Power Company was incorporated by Ontario Letters Patent, March 21st, 1906. Amongst the powers granted is the right "to acquire, produce, develop, convert and transform gas, electricity and hydraulic and pneumatic power and force for any purposes for w which the same may be used."

This Company distributed the power of the Ontario Power Company in the townships of Bertie, Willoughby, Pelham, Thorold, Humberstone, Crowland, Wainfleet and Grantham -- Lincoln and Welland Counties, Ontario.

4 - THE NIAGARA, LOCKPORT AND ONTARIO POWER COMPANY. The Niagara, Lockport and Ontario Power Company, chartered by the State of New York, had an extensive network of transmission lines throughout Western New York and distributed electrical energy for the Ontario Power Company as far east as Syracuse.

in the townships of Stamford and Niagara, Lincoln and Welland Counties, Ontario.

3 - THE FALLS POWER COMPANY. The Falls Power Company was incorporated by Ontario Letters Patent, March 21st, 1906. Amongst the powers granted in the right to acquire, produce, develop, convert and transform gas, electricity and hydraulic and pneumatic power and force for any purpose to which the same may be used.

This Company distributed the power of the Ontario Power Company in the townships of Bertie, Willoughby, Pelham, Thorold, Humberstone, Crowland, Wainfleet and Grant -- Lincoln and Welland Counties, Ontario.

4 - THE NIAGARA, LONDPORT AND ONTARIO POWER COMPANY. The Niagara, Lonport and Ontario Power Company, incorporated by the State of New York, and in extensive network of transmission lines throughout Western New York and distributed electrical energy for the Ontario Power Company and for most an Ontario.

OTHER COMPANIES OPERATING ON THE CANADIAN SIDE OF THE NIAGARA RIVER.

CANADIAN NIAGARA POWER COMPANY.

This Company is an ally of the Niagara Falls Power Company of Niagara Falls, N. Y. Negotiations for the privileges the company now possesses opened in 1889, American capitalists being interested. By an agreement confirmed by the Ontario Legislature in April, 1892, a group of English and United States capitalists secured the exclusive right to utilize the waters of the Niagara River within the limits of Queen Victoria Niagara Falls Park. In 1899 the company abandoned its exclusive rights in return for certain concessions.

TERMS OF LICENSE.

The terms of the license granted are for fifty (50) years, beginning from the first of May, 1899, which along with the renewal periods of twenty (20) years each make a total period under its option of 110 years.

POWER DEVELOPED.

The average amount of power dwveloped by the Company in 1906 was 12,206 h.p.; 1910, 46,394 h.p. Power developed by the Company is largely exported to the United States.

DIVERSION OF WATER.

By Order-in-Council dated June 18th, 1914, the

UNITED COMPANIES OPERATING ON THE CANADIAN SIDE OF THE NIAGARA RIVER.

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TERMS OF LICENSES.

The terms of the licenses granted are for fifty (50) years, beginning from the first of May, 1892, which along with the renewal periods of twenty (20) years each make a total period under its option of 110 years.

POWER DEVELOPED.

The average amount of power developed by the Company in 1900 was 12,206 h.p.; 1910, 44,986 h.p. Power developed by the Company is largely exported to the United States.

DIVERSION OF WATER.

By Order-in-Council dated June 18th, 1914, the

diversion of water allowed this company was fixed as follows: "A volume of diversion from the Niagara River not to exceed 8,225 cubic feet of water per second."

THE ELECTRICAL DEVELOPMENT COMPANY, LIMITED.

On January 29th, 1903, the Commissioners of Queen Victoria Niagara Falls Park entered into an agreement (confirmed by Order-in-Council January 30th, 1903) with a "syndicate" composed of Sir William Mackenzie, Sir Henry M. Pellatt and the late Frederick Nicholls, granting them privileges expressed, in part, as follows:

> ".....a license irrevocable to take from the waters of the Niagara River, within the Park, a sufficient quantity of water to develop 125,000 electrical or pneumatic or other horsepower for commercial use."

On February 18th, 1903, this syndicate was consolidated into the Electrical Development Company of Ontario, Limited.

DIVERSION OF WATER.

The volume of diversion permitted the company by Order-in-Council of June 18th, 1914, was 9,985 second feet. However, the Royal Commission appointed under authority of the Water Powers Regulation Act, 1917, (7 Geo.V., Chap. 22) handed out on April 25th, 1918, a decision to the effect that the Company was entitled to use 10,512 second feet of water. According to the Taylor report the amount of water being diverted from the Niagara River by this company in 1920 was 12,400 second feet.

diversion of water allowed this company was fixed as follows:

"A volume of diversion from the Niagara River not to exceed 8,088 cubic feet of water per second."

THE ELECTROLAT DEVELOPMENT COMPANY, LIMITED.

On January 20th, 1908, the Commissioners of Queen Victoria Niagara Falls Park entered into an agreement (confirmed by Order-in-Council January 30th, 1908) with a "syndicate composed of Sir William Mackenzie, Sir Henry M. Pellatt and the late Frederick Nicholls, granting them privileges expressed, in part, as follows:

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On February 18th, 1908, this syndicate was consolidated into the Electrolat Development Company of Ontario, Limited.

DIVERSION OF WATER.

The volume of diversion permitted the company by Order-in-Council of June 18th, 1914, was 8,088 second feet. However, the Royal Commission appointed under authority of the Water Powers Regulation Act, 1913, (4 Geo.V., Chap. 22) handed out on April 28th, 1916, a decision to the effect that the Company was entitled to use 10,012 second feet of water. According to the Taylor report the amount of water being diverted from the Niagara River by this company in 1920 was 12,400 second feet.

PLANT.

The plant of the Electrical Development Company is situated above the Falls, about midway between the headworks of the Ontario Power Company and the plant of the Canadian Niagara Power Company. The nominal capacity of the plant, as found by the Royal Commission, is 150,000 h.p., which exceeds the amount that the Company are entitled to develop by 25,000 h.p. The Royal Commission ordered the company to deliver this excess to the Hydro-Electric Power Commission at a fixed price per horsepower per annum.

INTERNATIONAL RAILWAY COMPANY.

This is an amalgamation of several other Companies. On December 4th, 1891 an agreement was entered into with the Commissioners of Queen Victoria Niagara Falls Park for the construction and operation of an electric railway. The agreement was confirmed by legislation.

PLANT.

The plant is situated within the Park. The quantity of water required is computed to be 1,500 second feet (the amount allotted by the International Waterways Commission). The total plant capacity is 8,000 h.p. According to the Taylor report the amount of water being used is 125 second feet.

TERMS OF LEASE.

The company pays an annual rental of $10,000 which includes the right to run through the Park from Queenston to

PLANT.

The plant of the Electrical Development Company is situated above the Falls, about midway between the headworks of the Ontario Power Company and the plant of the Canadian Niagara Power Company. The nominal capacity of the plant, as found by the Royal Commission, is 180,000 h.p., which exceeds the amount that the Company are entitled to develop by 28,000 h.p. The Royal Commission ordered the company to deliver this excess to the Hydro-Electric Power Commission at a fixed price per horsepower per annum.

INTERNATIONAL RAILWAY COMPANY.

This is an amalgamation of several other Companies. On December 4th, 1891 and agreement was entered into with the Commissioners of Queen Victoria Niagara Falls Park for the construction and operation of an electric railway. The agreement was confirmed by legislation.

PLANT.

The plant is situated within the Park. The quantity of water required is computed to be 1,800 cubic feet (the amount allotted by the International Waterways Commission). The total plant capacity is 6,000 h.p. According to the Taylor report the amount of water being used is 1[illegible] cubic feet.

TERMS OF LEASE.

The company pays an annual rental of $10,000 which includes the right to run through the Park from Queenston to

Chippawa. The lease is for a period of forty (40) years from September 1st, 1892 and may be extended for a further period of twenty (20) years.

PURCHASE OF POWER FROM THE ONTARIO POWER COMPANY
FOR THE HYDRO-ELECTRIC POWER COMMISSION
OF ONTARIO.

Subsequent to the passing of the Power Commission Act of 1906 (6 Edw.VII., Chap. 121.). The Hydro-Electric Power Commission called for tenders for the supply of power to the Commission. According to the minutes of a meeting on April 24th, 1907, the Commission considered the tenders of the Canadian Niagara Power Company of October 13, 1906; the Ontario Power Company Company of February 8th, 1907, and the Electrical Development Company of April 11th, 1907. No record, however, can be found of these tenders, and Mr. Pope states that the only tender received was that of the Ontario Power Company. The Company concluded to recommend for acceptance to the Lieutenant-Governor the tender of the Ontario Power Company. Accordingly an agreement was entered into by which the Ontario Power Company agreed to deliver at Niagara Falls up to 20,000 h.p. at a rate of $9.00 to $10.00 per horsepower. The agreement dated March 19th, 1908, and approved by Order-in-Council under date of March 24th, 1908, ancillary to an agreement dated August 12th, 1907, is summarized at page 35 herein. The contract was to expire in 1950, corresponding with the term of the water lease of the Company from the Queen Victoria Niagara Falls Power Commission. By this agreement the Hydro-Electric Power Commission was to take power from the Company in blocks of 1,000 h.p., starting with a minimum of 8,000 h.p. The prices to be paid were as follows:

PURCHASES OF POWER FROM THE ONTARIO POWER COMPANY FOR THE HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO.

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For power at 12,000 volts, $9.40 per h.p. per annum;

For power at 60,000 volts, $10.40 per h.p. per annum, and when the amount reserved and held ready for delivery upon the order of the Commission is in all 25,000 h.p., or more, payment to be made thus:

For power at 12,000 volts, $9.00 per h.p. per annum;

For power at 60,000 volts, $10.00 per h.p. per annum.

For power taken at a higher voltage the rate to be relatively increased without increased profit.

The Commission then proceeded to construct a transmission system, which came into operation August, 1910. Additional blocks of 1,000 h.p. were requested requisitioned regularly by the Commission, on giving the required three months' notice during the subsequent period of years until on March 25th, 1916, the whole 100,000h.p. available was ordered to be held in reserve for the Commission.

For power at 12,000 volts, $3.40 per h.p. per annum;

For power at 60,000 volts,$10.40 per h.p. per annum.

and when the amount reserved and held ready for delivery upon the order of the Commission is in all 25,000 h.p., or more, payment to be made thus:

For power at 12,000 volts, $3.00 per h.p. per annum;

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Circumstances Leading up to Purchase of the Ontario Power Company by the Hydro-Electric Power Commission

We are told by Mr. Gaby that the supply of power to the Commission by the Ontario Power Company was very unsatisfactory and that there were constant interruptions in the service. He also states that at no time was the full allotment of 100,000 h.p. supplied, and owing to the increasing demand for power by the municipalities due to manufacturing munitions, and other causes, the full amount of 100,000 h.p. (and more) was urgently needed. As outlined before the Ontario Power Company held a Dominion charter which granted to them very wide powers and did not limit the amount of horsepower the company could develop, although there appears to have been a clear understanding between the company and the Commissioners of Queen Victoria Niagara Falls Park that a greater amount than 180,000 h.p. would not be developed.

It appears that other interests were considering the purchase of the Company. Correspondence seems to indicate that Sir William Mackenzie visited New York bankers for the purpose of negotiating this purchase. The agreements between the Canadian Niagara Power Company, the Electrical Development Company, Limited and the Ontario Power Company with the Park Commissioners prohibited the merger of these companies one with the other, or others, so that there was no danger of the Ontario Power Company being purchased by either the Canadian Niagara Power Company or by the Electrical Development Company. The Power Commission felt, however, that other interests friendly to the above-mentioned two companies might acquire the Ontario Power Company and three of them

Circumstances leading up to Purchase of the Ontario Power Company by the Hydro-Electric Power Commission

We are told by Mr. Cody that the supply of power to the Commission by the Ontario Power Company was very satisfactory and that there were constant interruptions in the service. He also states that at no time was the full allotment of 100,000 h.p. supplied, and owing to the increasing demand for power by the municipalities due to manufacturing municipalities, and other causes, the full amount of 100,000 h.p. (and more) was urgently needed. As outlined before the Ontario Power Company held a Dominion charter which granted to them very wide powers and did not limit the amount of horsepower the company could develop, although there appears to have been clear understanding between the company and the Commissioners of Queen Victoria Niagara Falls Park that a greater amount than 150,000 h.p. would not be developed.

It appears that other interests were considering the purchase of the Company. Correspondence seems to indicate that Sir William Mackenzie visited New York bankers for the purpose of negotiating this purchase. The agreements between the Canadian Niagara Power Company, the Electrical Development Company, Limited and the Ontario Power Company with the Park Commissioners prohibited the merger of these companies one with the other, or others, so that there was no danger of the Ontario Power Company being purchased by either the Canadian Niagara Power Company or by the Electrical Development Company. The Power Commission felt, however, that other interests friendly to the above-mentioned two companies

combine to block the Chippawa scheme.

Another element entering into the discussion of this phase of the matter is the construction of the Third Pipe Line. The total installed capacity of the plant was 165,000 h.p. As intimated before they were limited by an implied agreement to the development of 180,000 h.p. The Company maintained that they had the right to construct another 16-ft pipe line, and in fact in February, 1916, wrote the Queen Victoria Niagara Falls Park Commissioners that they were proceeding with the construction of this conduit and "all in accordance with the complete plans, etc., approved by the Commission, by the Ontario Government and the Minister of Railways & Canals." Permission, however, for the construction was refused for reasons set out in a letter from Mr. George Lynch-Staunton, K.C., solicitor for the Park Commissioners. (See letter at page 55 herein).

In Sir Adam Beck's speech before the Committee on Water Power, of the House of Representatives, in Washington on April 15th, 1918, he states that the company said definitely "If we cannot go on with it (the third pipe line) we shall sell" and that consequently the plant was offered for sale and the Hydro-Electric Power Commission were approached in the matter. "Negotiations were entered into and the Hydro-Electric Power Commission acquired the plant and took possession after about a year's negotiations." From information received from Mr. Pope it would appear that Sir Adam Beck was the sole representative of the Com-

mission in this matter, and negotiated the purchase on his own responsibility. There is no record in the minutes of the Hydro-Electric Power Commission of the matter being discussed before the Commission as a body.

Legislation Authorizing Purchase

The authority for the purchase was the enactment in 1917 of clause (g) of Sec.8 of the Power Commission Act. Pursuant to the passage of this clause an Order-in-Council was passed, dated 26th May, 1917, (set out in full at page 41 herein) and the agreement ratified by the parties on the 1st August, 1917. The agreement was confirmed at the ensuing session of the Legislature and is set out in full on pages 152 et seq. of the statutes of 1918. The agreement was dated April 12th, 1917, and the purchase was finally consummated as of August 1st, 1917. There is no provision in the authorizing legislation requiring sinking funds to be set up.

Acquiescence of the Municipalities

No provision is found in the statute or in the agreement making the Commission trustee of the stock for the municipalities. It does not appear that the municipalities were consulted in any way in regard to the purchase.

Terms of Purchase

The agreement dated April 12th, 1917, between the Hydro-Electric Power Commission of Ontario and John Joseph Albright of Buffalo (who acted on behalf of himself and other stockholders of the Ontario Power Company, including

mission in this matter, and negotiated the purchase on his own responsibility. There is no record in the minutes of the Hydro-Electric Power Commission of the matter being discussed before the commission as a body.

Legislative Authorizing Purchase

The authority for the purchase was the enactment in 1917 of clause (g) of Sec.6 of the Power Commission Act. Pursuant to the passage of this clause an Order-in-Council was passed, dated 25th May, 1917, (set out in full at page 41 herein) and the agreement ratified by the parties on the 1st August, 1917. The agreement was confirmed at the ensuing session of the legislature and is set out in full on pages 152 et seq. of the statutes of 1918. The agreement was dated April 12th, 1917, and the purchase was finally consummated on 1st August 1st, 1917. There is no provision in the authorizing legislation requiring sinking funds to be set up.

Acquiescence of the Municipalities

No provision is found in the statute or in the agreement making the Commission trustee of the stock for the municipalities. It does not appear that the municipalities were consulted in any way in regard to the purchase.

Terms of Purchase

The agreement dated April 12th, 1917, between the Hydro-Electric Power Commission of Ontario and John Joseph Albright of Buffalo (who acted on behalf of himself and other stockholders of the Ontario Power Company, including

its subsidiary the Ontario Transmission Company), was for the purchase from Albright of the shares of the Ontario Power Company at a par value of $9,000,000 and of the remaining outstanding shares of the par value of $1,000,000, to the extent that the other holders thereof placed the vendor in a position to make delivery of the shares. The purchase consideration under the agreement was $8,000,000. That is, at the rate of 80% of the par value of the capital stock, payable in 40-year 4% gold debentures of the Hydro-Electric Power Commission. The debentures are guaranteed by the Province of Ontario, pursuant to provisions of sections 14 (c) and (d) of the Power Commission Act.

Mortgage Bonds Assumed

Under the terms of the purchase agreement the Commission and the Province assumed outstanding mortgage bonds of the company in the amount of $13,601,000.

In addition to the sum of $8,000,000 referred to, the Commission last year issued $3,200,000 of 6% 20-year bonds guaranteed by the Province of Ontario, and with the proceeds retired $2,753,000 of 6% second mortgage bonds of the Ontario Power Company.

The final delivery of the share certificates of the company was made in September, 1920, bringing those transferred to the Commission to a total par value of $10,000,000--the entire stock outstanding. The Hydro-Electric Power Commission has continued the owner of these shares, the directors and officers of each of these companies being:

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Mortgage Bonds Assumed

Under the terms of the purchase agreement the Commission and the Province assumed outstanding mortgage bonds of the company in the amount of $18,601,000.

In addition to the sum of $8,000,000 referred to, the Commission last year issued $3,800,000 of 4% 20-year bonds guaranteed by the Province of Ontario, and with the proceeds retired $2,752,000 of 6% second mortgage bonds of the Ontario Power Company.

The final delivery of the share certificates of the company was made in September, 1930, bringing those transferred to the Commission to a total par value of $10,000,000—the entire stock outstanding. The Hydro-Electric Power Commission has constituted the owner of these shares, the directors and officers of each of these companies being:

Ontario Power Company -

Sir Adam Beck, President
Col. D. Carmichael, D.S.O., 1st Vice President
F. R. Miller, 2nd Vice President
W. W. Pope, Director and Secretary
F. A. Gaby, Director and Chief Engineer
J. W. Gilmour, Director and Treasurer
W. G. Pierdon, Director

Ontario Transmission Company, Limited -

Sir Adam Beck, President
Col. D. Carmichael, D.S.O., 1st Vice President
F. R. Miller, 2nd Vice President
W. W. Pope, Director and Secretary
F. A. Gaby, Director and Chief Engineer
J. W. Gilmour, Director and Treasurer.

Remuneration to Directors

It would appear from the minute book of the Ontario Power Company of Niagara Falls that the matter of salaries was first discussed by the directors in October, 1917. At a directors' meeting held on the 17th day of that month on motion Mr. Pope's salary xxx to be paid by the Ontario Power Company of Niagara Falls was fixed at $2,000.00, and that of Mr. Gaby was fixed at $2,400. (Copy of minute at page 48 herein). At a meeting held June 26th, 1918, the Chairman was voted an additional salary of $6,000.00 per annum, dating from August 1st, 1917--the date the Hydro-Electric Power Commission acquired the Ontario Power Company. (a copy of this minute may be found at page 51 herein)

Two years later (June 29th, 1920) the 1st Vice President and 2nd Vice President were voted salaries of $2,000.00 per annum each, dating from 14th January, 1920, the date of the annual meeting. (See minute at page 51)

Ontario Power Company -

Sir Adam Beck, President
Col. D. Carmichael, D.S.O., 1st Vice President
T. H. Miller, 2nd Vice President
W. W. Pope, Director and Secretary
T. A. Gaby, Director and Chief Engineer
J. W. Gilmour, Director and Treasurer
W. C. Fierden, Director

Ontario Transmission Company, Limited -

Sir Adam Beck, President
Col. D. Carmichael, D.S.O., 1st Vice President
T. H. Miller, 2nd Vice President
W. W. Pope, Director and Secretary
T. A. Gaby, Director and Chief Engineer
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Two years later (June 23rd, 1920) the 1st Vice President and 2nd Vice Presidents were voted salaries of $2,000.00 per annum each, dating from 14th January, 1920, the date of the annual meeting. (See minute at page 21)

A search of the files of the Hydro-Electric Commission fails to disclose any correspondence between the Provincial Government and the Hydro Commission in respect to this matter. No Order-in-Council was passed, although the matter was discussed in the House.

Change in Policy of Hydro-Electric Commission

By the acquisition of this company the Hydro-Electric Power Commission became large producers of power. Heretofore, with the exception of two small systems (Wasdell in 1913 and Eugenia in 1914) the policy of the Commission had been to confine its activities to the transmission and distribution of power and not to the development at the source. No doubt this change of policy was, to a large extent, the reason it was found expedient for the Hydro-Electric Power Commission to disregard the provisions of Sec.18 of the Power Commission Act which requires the Commission "to furnish to the corporation a statement of the maximum price per horsepower at which electrical power or energy will be supplied at the point of development or of its delivery to the Commission...." and which further requires that "a summary thereof----shall be published with or form part of the by-law," and to obligate themselves only to the extent that power would be supplied at "cost".

Legality of Undertaking

It was contended by Mr. Murray in his report, and also by McCarthy & McCarthy (in their appeal to the Privy Council on behalf of the Electrical Development Company), that the Ontario Government had broken faith with the power

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companies at Niagara Falls. The McCarthy report says in part:

> "The Queen Victoria Niagara Falls Park Commission in granting licenses to the Ontario Power Company, the Canadian Niagara Power Company and the Electrical Development Company obligated the Government not to go into competition with these companies, in developing power from Niagara Falls."

In 1916, in order to prevent legal action against the Province to restrain the proposed breach of contract, legislation was enacted (6 Geo.V,chap7,sec.7), the wording of which is:

> "The exercise of the powers which may be conferred by or under the authority of this Act, or any of them, shall not be deemed to make use of the waters of the Niagara River to generate electrical or pneumatic power within the meaning of any stipulation or condition in any agreement entered into by the Commissioners for the Queen Victoria Niagara Falls Park....."

Relations with other Incorporations

One of the reasons advanced by the Commission in justification of the purchase of the Ontario Power Company was the fact that it was "good business," and that certain contracts and franchises owned by the company were of a very profitable nature. Sir Adam Beck in his speech in Washington stated that "

> "The revenue from our two firm contracts, one with the municipalities and one with the Niagara,Lockport & Ontario Power Company,expiring in 1950, will be sufficient to maintain the plant at the highest point of efficiency, provide for renewals and depreciation charges, and operation, and at the same time accumulate sufficient revenue to retire the whole of the debt in 25 years."

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The Agreement with Niagara,Lockport & Ontario Power Co.

An agreement dated July 16th, 1904, was entered into and the provisions of this agreement are set out in part at page 33 herein. The agreement was to remain in force until April 1st, 1950, with provisions for renewal extending for a period until 2010. However, on the acquisition of the Ontario Power Company by the Hydro-Electric Power Commission, the Lockport Company was a party to the agreement which provided that the power supply contract would cease on April 1st, 1950. The contract calls for 60,000 h.p. at $12.50. Service to this company by the Commission has not been very satisfactory, as is evidenced by a letter from the president, dated January 27th, 1919. (copied in full at page 33).

The Agreement with the American Cyanamid Company

The agreement with this company is dated March 14th, 1908, and was subsequently modified November 9th, 1913. The terms and provisions are set out in part at page 37 herein. The contract calls for the supply of 2,600 h.p. at $10.50 per horsepower per annum. The company claims its contract with the Ontario Power Company was broken by the default of that company in interrupting the supply from time to time during 1918 and 1919, and contends that the Power Company is liable for damages suffered by it on account of that. The Ontario Power Company repudiates any liability on the ground that the stoppage of power occurred by reason of orders from the Dominion Power Comptroller. As of October 31st, 1921, this dispute had not been settled.

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The Agreement with the American Dynamite Company

The agreement with this company is dated March 14th, 1908, and was subsequently modified November 9th, 1912. The terms and provisions are set out in part at page 37 herein. The contract calls for the supply of 2,600 h.p. at $10.50 per horsepower per annum. The company claims its contract with the Ontario Power Company was broken by the default of that company in interrupting the supply from time to time during 1918 and 1919, and contends that the Power Company is liable for damages suffered by it on account of that. The Ontario Power Company repudiates any liability on the ground that the stoppage of power occurred by reason of orders from the Dominion Power Controller. As of October 31st, 1921, this dispute had not been settled.

Result of Sale of Power to Private Companies

In Mr. Clarkson's report for the year ending October 31st, 1921, (page 97 of H.E.P.C. Report for 1921), under the heading of "Niagara System Operating Account", it is shown that the loss on sale of power to private companies was $16,068.82.

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In Mr. Dickson's report for the year ending October 31st, 1921, (page 97 of H.E.P.C. Report for 1921), under the heading of "Niagara System operating account", it is shown that the loss on sale of power to private companies was $16,088.82.

FINANCIAL REPORT

Particulars of Purchase

The consolidated summarized statement of assets and liabilities of the Ontario Power Company of Niagara Falls and of the Ontario Transmission Company, Limited, at August 1st, 1917, prepared from the books of these companies at that date, as given on page 5 of the Price, Waterhouse & Co. report, shows an asset "Plant, Real Estate, etc., and Goodwill, $25,235,127.08." Inquiry might well be made as to the valuation placed on the various items comprising this asset, particularly the intangibles. As explained, the original books of entry are not available. It would appear, however, that the value of same was adjusted to the amount of the bond issue.

Mr. Clarkson, in his report as of October 31st, 1918, in which this item is valued at $27,372,167.74 (including $1,349,170.63)for the pipe line), states:

> "From such information as is available, however, they would appear to consist of--approximately--as follows:
>
> "(a) Investment in plant, real estate, transmission lines, distributing stations $14,747,599.49
>
> "(b) Discount on bonds capitalized, less amounts written off. . . . 971,284.55
>
> "(c) Attributed to value of Rights, Franchises,Goodwill,etc. . . 10,304,113.07
>
> "(d) Expended upon construction of third pipe line to works of the Company 1,349,170.63
>
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Renewals Reserve

It is a matter of doubt whether sufficient provision

FINANCIAL REPORT

Particulars of Purchase

The consolidated summarized statement of assets and liabilities of the Ontario Power Company of Niagara Falls and of the Ontario Transmission Company, Limited, at August 1st, 1917, prepared from the books of these companies at that date, as given on page 8 of the Price, Waterhouse & Co. report, shows an asset "Plant, Real Estate, etc., and Goodwill, $28,855,127.08." Inquiry might well be made as to the valuation placed on the various items comprising this asset, particularly the intangibles. As explained, the original books of entry are not available. It would appear, however, that the value of name was adjusted to the amount of the bond issue.

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Renewals Reserve

It is a matter of doubt whether sufficient provision

has been made by the Hydro-Electric Power Commission for this item. Price, Waterhouse & Co. draw attention to this matter at page 25 of their report.

Sinking Funds

This feature of the undertaking is discussed at some length on pages 26-7-8 of the Price, Waterhouse & Co. report, and it is there pointed out that the sinking fund payment of $126,262 made July 1st, 1922, for the calendar year 1921, was less than the deposits of any one of the preceding four years. Attention is also drawn to the fact that in connection with the authorized 40-year bond issue of $2,000,000 of the Transmission Company the sinking fund provision of $30,000 per annum, exclusiveof any interest accretions, would aggregate only $1,200,000 over the life of the bonds, and that in consideration of the foregoing it is obvious that, to the extent sinking fund shall be inadequate for the retirement of the bonds at maturity thereof, a means of financing the deficiency will require to be provided before the bonds become due.

With reference to the sinking fund in respect to the $8,000,000 issue of the Commission, Price, Waterhouse & Co. remark that while the three periods from August 1st, 1917 to October 31st, 1920, have not been charged with any provision for sinking fund (the agreement not requiring any sinking funds to be set xxaside),a provision was made in 1921 onthe basis of retiring the issue over the remaining 37 years to the maturity thereof.

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The method used, however, in providing a sinking fund for the $3,200,000 issue of the Commission is commented upon by Price, Waterhouse & Co. at page 28 in their report, to the effect that it is on approximately a 41-year basis, whereas the bonds mature 20 years from date of issue, and that the financing of the deficiency will require consideration before maturity of the bonds.

Profit and Loss

The consolidated operating accounts and surplus accounts (Exhibit 2, Price, Waterhouse & Co.) show in part the following:

For the 15 months ending Oct. 31, 1918	- PROFIT	$104,286.00
For the year ending October 31, 1919	- PROFIT	211,884.00
For the year ending October 31, 1920	- Loss	42,321.00
For the year ending October 31, 1921	- Loss	255,753.00.

The method used, however, in providing a sinking fund for the $3,200,000 issue of the Commission is commented upon by Price, Waterhouse & Co. at page 28 in their report, to the effect that it is on approximately a 41-year basis, whereas the bonds mature 30 years from date of issue, and that the financing of the deficiency will require consideration before maturity of the bonds.

Profit and Loss

The consolidated operating accounts and surplus accounts (Exhibit 2, Price, Waterhouse & Co.) show in part the following:

For the 18 months ending Oct. 31, 1918	- PROFIT	$106,286.00
For the year ending October 31, 1919	- PROFIT	211,584.00
For the year ending October 31, 1920	- Loss	42,321.00
For the year ending October 31, 1921	- Loss	238,758.00.

RELATION TO THE NIAGARA SYSTEM.

Mr. Clarkson expresses the opinion that the Ontario Power Company and the Ontario Transmission Company must still be so operated on account of the $10,848,000 of bonds of the Company outstanding in the hands of the public. "On the other hand" points out Mr. Clarkson "with the whole of the capital stock of such companies now in the hands of the Commission the risk of their operation falls upon the Commission, while the ultimate benefits accruing from them will enure to it."

For the fiscal year ending October 31st, 1921, the Commission adopted the policy of dealing with the shares of the Ontario Power Company and the Ontario Transmission Company on the same basis as though they were "works" of the Niagara System, and subject to the provisions of Sec. 23 of the Act.

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For the fiscal year ending October 31st, 1921, the Commission adopted the policy of dealing with the shares of the Ontario Power Company and the Ontario Transmission Company on the same basis as though they were "parts" of the Niagara System, and subject to the provisions of Sec. 25 of the Act.

THIRD PIPE LINE.

As we havemmwntioned previously, the Ontario Power Company, prior to its acquisition by the Hydro-Electric Power Commission, applied for permission to construct a third pipe line, but the consent to dense was refused. In 1918, owing to large increases in demand for power for munition purposes, the construction of this third pipe line of wood staves was undertaken. Mr. Gaby estimated that the cost would be $1,806,000 (See copy of Minute - page 50). The cost of this was met by borrowing about $1,250,000 from the Bank of Montreal, under the authority of an Order-in-Council dated February 6th, 1918, and by paying out of funds appropriated for the purposes of the Central Ontario System an amount of $1,500,000. It is not apparent to what extent this additional expenditure was sanctioned by the municipalities represented in the Niagara System. For the period ending October 31st, 1921 $3,515,094.93 had been advanced, which amount had been entirely expended on that date on the construction. The amount expended is $1,709,094.93 in excess of the estimate.

It seems to have been understood at the beginning that the additional revenue from the increased capacity of the plant and the indemnities from the Dominion Government would permit the repayment of the cost of the pipe line out of earnings, and it is the intention that repayment of the advances should be made by the Company to the Commission in monthly installments of $50,000, commencing one month

THIRD PIPE LINE.

As we have mentioned previously, the Ontario Power Company, prior to its acquisition by the Hydro-Electric Power Commission, applied for permission to construct a third pipe line, but the consent to do so was refused. In 1916, owing to large increases in demand for power for munition purposes, the construction of this third pipe line of wood staves was undertaken. Mr. Daly estimated that the cost would be $1,806,000 (See copy of Minute - page 50). The cost of this was met by borrowing about $1,250,000 from the Bank of Montreal, under the authority of an Order-in-Council dated February 6th, 1916, and by paying out of funds appropriated for the purposes of the General Ontario System an amount of $1,800,000. It is not apparent to what extent this additional expenditure was sanctioned by the municipalities represented in the Niagara System. For the period ending October 31st, 1921 $2,316,094.32 had been advanced, which amount had been entirely expended on that date on the construction. The amount expended is $1,709,094.32 in excess of the estimate.

It seems to have been understood at the beginning that the additional revenue from the increased capacity of the plant and the indemnities from the Dominion Government would permit the repayment of the cost of the pipe line out of earnings, and it is the intention that repayment of the advances should be made by the Company to the Commission in monthly instalments of $50,000, commencing one month

after the first delivery of power from the pipe line. The Company agreed with the Commissioners of Queen Victoria Niagara Falls Park to remove the pipe line by the Spring of 1923, but it was now stated that its Commissioners had given approval to the maintenance of the pipe line for the time required by the Company. In the year ending October 31st, 1921, the Company set aside out of surplus an amount of $63,271.71 representing the first provision on account of the sinking fund in respect of the cost of construction of the line and equipment. This is the annual sum necessary to accumulate in thirty (30) years, with interest at four (4) per cent per annum, a sinking fund sufficient for the repayment of the cost of the pipe line.

after the first delivery of power from the pipe line. The Company agreed with the Commissioners of Queen Victoria Niagara Falls Park to remove the pipe line by the Spring of 1928, but it was now stated that its Commissioners had given approval to the maintenance of the pipe line for the time required by the Company. In the year ending October 31st, 1921, the Company set aside out of surplus an amount of $65,271.71 representing the first provision on account of the sinking fund in respect of the cost of construction of the line and equipment. This is the annual sum necessary to accumulate in thirty (30) years, with interest at four (4) per cent per annum, a sinking fund sufficient for the repayment of the cost of the pipe line.

RIPARIAN RIGHTS ON THE NIAGARA RIVER.

The International Boundary Waters Treaty confirmed by the International Boundary Waters Treaty Act, Article 5, allows the United States a diversion within the State of New York of the waters of the Niagara River, above the Falls of Niagara, for power purposes, in the aggregate a daily diversion at the rate of 20,000 cubic feet per second.

The Dominion of Canada (1-2 Geo. V., as amended by 4-5 Geo. V., Chap. 5, Canada) for the Province of Ontario, may authorise and permit the diversion within the Province of Ontario of the waters of the said river, above the Falls of Niagara, for power purposes not exceeding in the aggregate a daily diversion of 36,000 cubic feet per second.

The Taylor report at paragraph 33, as deduced by Mr. Murray, shows in part:

Water Diversions from Niagara River at Niagara Falls, 1920, in Cubic Feet per Second.

Ontario Power Company.....	15,300	c.f.s.
Electrical Development Co.	12,400	"
Canadian Niagara Power Co.	9,600	"
International Railway Co.	125	"
	35,425	"

so that the surplus diversion available under the International Treaty of 1909, for Canada, is 575 second feet.

CHIPPAWA-QUEENSTON PROJECT.

This project calls for an ultimate capacity of 650,000 h.p. Six hundred thousand (600,000) h.p. would require a diversion of 20,000 second feet, and as in accordance

RIPARIAN RIGHTS ON THE NIAGARA RIVER.

The International Boundary Waters Treaty confirmed by the International Boundary Waters Treaty Act, Article 8, allows the United States a diversion within the State of New York of the waters of the Niagara River, above the Falls of Niagara, for power purposes, in the aggregate a daily diversion at the rate of 20,000 cubic feet per second.

The Dominion of Canada (1-2 Geo. V., as amended by 4-5 Geo. V., Chap. 5, Canada) for the Province of Ontario, may authorize and permit the diversion within the Province of Ontario of the waters of the said river, above the Falls of Niagara, for power purposes not exceeding in the aggregate a daily diversion of 36,000 cubic feet per second.

The Taylor report at paragraph 32, as deduced by Mr. Murray, shows in part:

Water Diversions from Niagara River at Niagara Falls, 1930, in Cubic Feet per Second.

Ontario Power Company.....	15,300	c.f.s.
Electrical Development Co.	12,400	"
Canadian Niagara Power Co.	9,600	"
International Railway Co.	125	"
	36,425	"

so that the surplus diversion available under the International Treaty of 1909, for Canada, is 8175 second feet.

WELLAND-HUMBERSTON PROJECT.

This project calls for an ultimate capacity of 600,000 h.p. Six hundred thousand (600,000) h.p. would

with the Taylor report there is only 575 second feet available, the deficit is 19,425 cubic feet per second.

Sir Adam Beck, in the speech at Washington states:

> "When we bought the Ontario Power Company one of the objects in buying was to scrap the plant in ten, fifteen or twenty years when water becomes still more valuable because of its scarcity and because of the curtailment in the use of it, and use this water more efficiently in connection with the scheme we have in hand."
>
> "....we can take the ten or twelve thousand cubic feet per second of water now being used comparatively inefficiently in the Ontario Power Company plant, and use it in connection with our Queenston-Chippawa scheme, thus securing the advantage of the full head available between the two Lakes."

For the purpose of the Chippawa scheme apparently the diversion now allotted to the Electrical Development Company will also be required eventually. The approximate cost of the purchase of the Ontario Power Company and the Electrical Development Company is some $50,000,000. If both these plants are scrapped this sum of $50,000,000 will have to be added to the cost of the Chippawa scheme.

with the Taylor report there is only 575 second feet available, the deficit is 19,425 cubic feet per second.

Sir Adam Beck, in the speech at Washington states:

> "When we bought the Ontario Power Company one of the objects in buying was to carry the plant in ten, fifteen or twenty years when water becomes still more valuable because of its scarcity and because of the centralization in the use of it, and use this water more efficiently in connection with the volume we have in hand."
>
> "....we can take the ten or twelve thousand cubic feet per second of water now being used comparatively inefficiently in the Ontario Power Company plant, and use it in connection with our Queenston-Chippewa scheme, thus securing the advantage of the full head available between the two lakes."

For the purpose of the Chippewa scheme apparently the diversion now allotted to the Electrical Development Company will also be required eventually. The approximate cost of the purchase of the Ontario Power Company and the Electrical Development Company is some $80,000,000. If both these plants are scrapped this sum of $80,000,000 will have to be added to the cost of the Chippewa scheme.

ONTARIO POWER COMPANY OF NIAGARA FALLS

(FROM MOODY'S INVESTOR'S SERVICE 1917)

J.J. Albright	President
Langdon Albright	1st Vice President
F.D. Corey	2nd Vice President
R.C. Board	Secretary-Treasurer
H.E. Nichols	Assistant Secretary
G.P. Turner	Assistant Treasurer, Buffalo N.Y.

DIRECTORS

J.J. Albright	Buffalo N.Y.
H.P. Clement	
F.D. Corey	
Langdon Albright	
R.C. Board	
Edmund Hayes	
W.A. Rogers	
W.H. Gratwick	
Miller Lash	Toronto, Ont.

ONTARIO POWER COMPANY OF NIAGARA FALLS

(FROM MONEY'S INVESTOR'S ANNUAL 1917)

J.J. Albright President
Langdon Albright
F.D. Corey
H.G. Ward
H.H. Nicholls
G.P. Turner

Vice President
End Vice President
Secretary-Treasurer
Assistant Secretary
Assistant Treasurer. Buffalo N.Y.

DIRECTORS

J.J. Albright
W.F. Diemond
F.D. Corey
Langdon Albright
H.G. Ward
Kenna Hayes
W.A. Rogers
J.H. Grossman

Buffalo N.Y.

Milfor Lees

Toronto. Ont.

EXCERPTS FROM CONTRACTS AND AGREEMENTS

AGREEMENT WITH COMMISSIONERS OF QUEEN VICTORIA NIAGARA FALLS PARK:

By an agreement, dated April 11, 1900, with the Commissioners of the Queen Victoria Niagara Falls Park, the Ontario Power Company of Niagara Falls was licensed for the term of fifty years from April 1, 1900, to construct and operate within the Queen Victoria Niagara Falls Park the work necessary for the purpose of the Company.

In consideration of such license the Company undertook to pay a yearly rental of $15,000 and in addition ther to annual payments as follows:

$1.00 for each electrical horse poer generated and disposed of over 10,000 h.p. up to 20,000 h.p.
75 cents for each electrical horse-power generated and disposed of over 20,000 h.p. up to 30,000 h.p.
50 cents for each electrical horse-power generated and disposed of over 30,000 h.p.

the books of the Company being open to examination by the Commissioners for the purpose of verifying the Company's statements of horse-power generated. These rentals are declared to be the first and preferential charge upon the works of the Company and the Company is declared to have no power to create any lien, charge or encumbrance upon the works by bond, debenture, mortgage or otherwise which would interfere with or prevent the Commissioners from procuring payment of the rent.

The fifty year license granted by the agreement is renewable at the option of the Company, subject to the desire of the Lieutenant-Governor in Council to readjust the rentals, in three periods of twenty years each, making 110 years in all and the Company shall then give up, or at the expiration of the first term of fifty years, or any subsequent term of twenty years if unrenewed, the works, promises, rights and privileges created by the agreement without any claim for compensation, with liverty to the Company to remove their ma chinery. Before the end of the third period of twenty years the Lieutenant-Governor in Council may, however, require the Company to continue operations for a further period of twenty years.

EXCERPTS FROM CONTRACTS AND AGREEMENTS

AGREEMENT WITH COMMISSIONERS OF QUEEN VICTORIA NIAGARA FALLS PARK:

By an agreement, dated April 11, 1900, with the Commissioners of the Queen Victoria Niagara Falls Park, the Ontario Power Company of Niagara Falls was licensed for the term of fifty years from April 1900, to construct and operate within the Queen Victoria Niagara Falls Park the work necessary for the purposes of the Company.

In consideration of such license the Company undertook to pay a yearly rental of $15,000 and in addition thereto annual payments as follows:

> $1.00 for each electrical horse power generated and disposed of over 10,000 h.p. up to 20,000 h.p.
> 75 cents for each electrical horse-power generated and disposed of over 20,000 h.p. up to 30,000 h.p.
> 50 cents for each electrical horse-power generated and disposed of over 30,000 h.p.

The books of the Company being open to examination by the Commissioners for the purpose of verifying the Company's statements of horse-power generated. These rentals are declared to be the first and paramount charge upon the works of the Company and the Company is declared to have no power to create any lien, charge or encumbrance upon the works by bond, debenture, mortgage or otherwise which would interfere with or prevent the Commissioners from procuring payment of the rent.

The fifty year license granted by the agreement is renewable at the option of the Company, subject to the desire of the Lieutenant-Governor in Council to readjust the rentals, in three periods of twenty years each, making 110 years in all and the Company shall then give up or at the expiration of the first term of fifty years, or any subsequent term of twenty years if renewed, the works, premises, rights and privileges created by the agreement without any claim for compensation with liberty to the Company to remove their machinery. Before the end of the third period of twenty years the Lieutenant-Governor in Council may, however, require the Company to continue operations for

AGREEMENT WITH THE NIAGARA LOCKPORT AND ONTARIO POWER COMPANY (Called the Lockport Company)

An Agreement dated July 16, 1904, subsequently modified by supplemental agreements dated December 30, 1904, October 31, 1905, and December 30, 1913, provided that -

The amount of 45,000 Killowatts firm electrical power is the ascertained and determined amount which the Power Company is required to sell and deliver and the Lockport Company is required to take and pa y for during the life of the contract (subsequent to the supplementary agreement of December 30, 1913.)

The Power Company furnish and continuously maintain ready for the use of the Lockport Company and the Lockport Company purchase and pay for electrical horse-power as follows:

(a) On or before July 1, 1905 22,500 kilowatts
(b) On or before January 1, 1907 22,500 kilowatts additional

making an aggregate of 45,000 kilowatts.

The Lockport Company pay each month for the 45,000 kilowatts in United States gold coin at the following rates:

For 40,000 kilowatts at $16.76 per kilowatt per annum
For 5,000 kilowatts at two and one-half mills ($.002½) per kilowatt hour.

The power to be delivered continuously twenty-four hours in every day.

Nothing interfere with the provisions of the Agreement of April 11, 1900, between the Power Company and the Commissioners for the Queen Victoria Niagara Falls Park whereby the Power Company "whenever required, shall, from the electricity or pneumatic power generated ... supply the same in Canada to the extent of any quantity not less than one-half of the quantity generated, at prices not to exceed the prices charged to cities, towns, and consumers in the United States at similar distances from the Falls of Niagara for equal amounts of power and for similar uses."

The contract to be also subject to prior agreement made between the Power Company and the Town of Niagara Falls, Ontario, for the supply of power in consideration of franchises granted.

The Agreement be sugject to any mortgage on the properties securing the holders of either Company's bonds.

The Contract continue in force until April 1, 1950.

(It may be noted that although the agreement empowered the Lockport Company to exercise its options to take the extensions or renewals of the three successive periods of twenty years provided for in the agreement between the Power Company and the Commissioners for the Queen Victoria Niagara Falls Park, the agreement dated April 12, 1917, by which the capital stock of the Power Company was acquired by the Hydro-Electric Power Commission of Ontario, to which the Lockport Company

AGREEMENT BETWEEN THE NIAGARA, LOCKPORT AND ONTARIO POWER COMPANY (POSTED THE LOCKPORT COMPANY)

An agreement dated July 16, 1904, subsequently modified by supplemental agreements dated December 30, 1904, October 31, 1905, and December 30, 1912, provided that -

The amount of 48,000 kilowatts firm electrical power in the ascertained and determined amount which the Power Company is required to sell and deliver and the Lockport Company is required to take and pay for during the life of the contract (subsequent to the supplementary agreement of December 30, 1912.)

The Power Company furnish and continuously maintain ready for the use of the Lockport Company and the Lockport Company purchase and pay for electrical horse-power as follows:

(a) On or before July 1, 1908 22,500 kilowatts
(b) On or before January 1, 1907 22,500 kilowatts additional
making an aggregate of 45,000 kilowatts.

The Lockport Company pay each month for the 45,000 kilowatts in United States gold coin at the following rates:
For 45,000 kilowatts at $16.75 per kilowatt per annum
For 5,000 kilowatts at two and one-half mills ($0.002½) per kilowatt hour.

The power to be delivered continuously twenty-four hours in every day.

Nothing interfere with the provisions of the Agreement of April 11, 1900, between the Power Company and the Commissioners for the Queen Victoria Niagara Falls Park whereby the Power Company "whenever required, shall, from the electricity or dynamic power generated ... supply the same in Ontario to the extent of any quantity not less than one-half of the quantity generated, at prices not to exceed the prices charged to cities, towns and consumers in the United States at similar distances from the Falls of Niagara for equal amounts of power and for similar uses."

The contract to be also subject to prior agreement made between the Power Company and the Town of Niagara Falls, Ontario, for the supply of power in consideration of franchises granted.

The agreement be subject to any mortgage on the properties securing the holders of either Company's bonds.

The contract continue in force until April 1, 1950.

(It may be noted that although the agreement empowered the Lockport Company to exercise its options to take the extensions or renewals of the three successive periods of twenty years provided for in the agreement between the Power Company and the Commissioners for the Queen Victoria Niagara Falls Park, the agreement dated April 11, 1917, by which the capital stock of the Power Company was acquired by the Hydro-Electric Power Commission of Ontario, to which the Lockport Company

2-- AGREEMENT WITH THE NIAGARA LOCKPORT AND ONTARIO POWER COMPANY (Called the Lockport Company)

Was a party, provided that the power supply contract between the Power Company and the Lockport Company cease on April 1, 1950.)

AGREEMENT WITH THE HYDRO-ELECTRIC
POWER COMMISSION OF ONTARIO (Called the Commission)

An Agreement dated March 19, 1908, approved by Order-in Council under date of March 24, 1908, ancillary to an Agreement dated August 12, 1907, provided that -

Aththe expiration of ninety days' notice by the Commission the Power Company deliver 8000 or more horse power of electric power to the Commission

At the expiration of three months' notice to be given from time to time during the continuance of the agreement the Power Company deliver to the Commission in blocks of not less than 1000 horse power each, additional electric power until the total so delivered amount to 30,000 horse power

At the expiration of nine months' notice to be given from time to time during the continuance of the agreement the Power Company deliver to the Commission in blocks of not less than 1000 horse power each, additional electric power until the total so delivered amount to 100,000 horse power.

The Commission take power exclusively from the Company up to 30,000 horse power and in addition thereto one-half of the amount required by the Commission up to 100,000 horse power and thereafter at the Commission's option from other sources

The Commission pay as follows;

For power at 12,000 volts at $9.40 per horse power per annum
For power at 60,000 volts at $10.40 per horse power per annum
and when the amount reserved and held ready for delivery upon the order of the Commission is inall 25,000 horse power or more payment to be made thus-

For power at 12,000 volts at $9.00 per horse power per annum
For power at 60,000 volts at $10.00 per horse power per annum

For power taken at a higher voltage than 60,000 volts the rate to be relatively increased without increased profit

The term of the agreement be ten years from the date of the expiration of the above ninety days' notice, the Commission at its option to continue the agreement for one, two or three further consecutive terms of ten years each, the agreement not in any event to extend beyond April 1, 1950.

(By a Supplementary Agreement dated November 10, 1908, the ninety days' notice was deemed to have been given as of December 19, 1909, and the expiration thereof to have been on March 19, 1910)

The Power Company syall not exercise the right to cancel the Agreement dated April 11, 1900, between the Company and the Commissioners of the Queen Victoria Niagara Falls Park.

AGREEMENT WITH THE HYDRO-ELECTRIC
POWER COMMISSION OF ONTARIO (called the Commission)

An agreement dated March 19, 1908, approved by Order-in-Council under date of March 24, 1908, ancillary to an agreement dated August 18, 1907, provided that -

Within expiration of ninety days' notice by the Commission the Power Company deliver 5000 or more horse power of electric power to the Commission

At the expiration of three months' notice to be given from time to time during the continuance of the agreement the Power Company deliver to the Commission in blocks of not less than 1000 horse power each, additional electric power until the total so delivered amount to 30,000 horse power

At the expiration of nine months' notice to be given from time to time during the continuance of the agreement the Power Company deliver to the Commission in blocks of not less than 1000 horse power each, additional electric power until the total so delivered amount to 100,000 horse power.

The Commission take power exclusively from the company up to 30,000 horse power and in addition thereto one-half of the amount required by the Commission up to 100,000 horse power and thereafter at the Commission's option from other sources

The Commission pay as follows:

For power at 12,000 volts at $8.40 per horse power per annum
For power at 60,000 volts at $10.40 per horse power per annum
and when the amount required and held ready for delivery upon the order of the Commission is limit 25,000 horse power or more payment to be made thus-

For power at 12,000 volts at $9.00 per horse power per annum
For power at 60,000 volts at $10.00 per horse power per annum
For power taken at a higher voltage than 60,000 volts the rate to be relatively increased without increased profit

The term of the agreement be ten years from the date of the expiration of the above ninety days' notice, the Commission at its option to continue the agreement for one, two or three further consecutive terms of ten years each, the agreement not in any event to extend beyond April 1, 1920.

(By a Supplementary Agreement dated November 10, 1908, the ninety days' notice was deemed to have been given as of December 19, 1909, and the expiration thereof to have been on March 19, 1910)

The Power Company shall not exercise the right to cancel the Agreement dated April 17, 1900, between the Company and the Commissioners of the Queen Victoria Niagara Falls Park.

AGREEMENT WITH THE HYDRO ELECTRIC POWER COMMISSION OF ONTARIO

An Agreement dated February 26, 1913, provided that -

The Power Company deliver and continuously maintain and the Commission purchase and pay for 300 electric horse power (or greater requirements of the Commission) to be supplied to the municipalities of Welland and Port Robinson

The price to be $14.00 per horse power per annum.

Notice for additional power and extended distribution to be given six months before the additional power is needed.

The term of the Agreement be for a period coextensive with the unexpired portion of the term of the agreement dated March 19, 1908, and for such further periods as that agreement may be continued in force by the exercise of the Commission's options

The electric horse power supplied under this contract be counted as a part of the 100,000 horse power to which the Commission is entitled under the Agreement of March 19, 1908.

AGREEMENT WITH THE AMERICAN CYNAMID COMPANY (THE CYANAMID COMPANY)

An agreement dated March 14, 1908, known as the Power Agreement, made between the Power Company and Frank S. Washburn and Charles H. Baker which was assigned on March 16, 1908, to the Cyanamid Company and subsequently modified by a Supplementary Agreement dated November 29, 1913, provided that -

> The Power Company deliver and continuously maintain and the Cyanamid Company purchase (subsequent to July 1, 1914) 26,000 electric horse power with permissible intermittent demands to an amount not exceeding 1,000 H.P.
> Payment to be made for all power delivered from May 29, 1913, at the rate of $10.50 per H.P. per annum
> The Agreement continue in force until April 1, 1950, unless terminated by either party by giving written notice to that eff effect on April 1, 1931, or any date thereafter, the agreement then terminating three years from the date of such notice.
> The Power Company agree not to sell power to any one else to be used for the purpose of making calcium cyanamid (lime nitrogen) or other materials covered by Letters Patent owned or controlled by the Cyanamid Company.

AGREEMENT WITH THE AMERICAN CYANAMID COMPANY (THE GRAHAM COMPANY)

An agreement dated March 14, 1908, known as the Power Agreement, made between the Power Company and Frank E. Washburn and Charles E. Baker which was assigned on March 16, 1908, to the Cyanamid Company and subsequently modified by a supplementary agreement dated November 29, 1928, provided that -

> The Power Company doll ver and continuously maintain and the Cyanamid Company purchase (subsequent to July 1, 1914) 24,000 electric horse power with possibly intermittent demands to an amount not exceeding 3,000 H.P.
> Payment to be made for all power delivered from May 29, 1913, at the rate of $10.00 per H.P. per annum
> The Agreement continue in force until April 1, 1950, unless terminated by either party by giving written notice to that effect on April 1, 1931, or any date thereafter, the agreement then terminating three years from the date of such notice.
> The Power Company agree not to sell power to any one else to be used for the purpose of making calcium cyanamid (lime nitrogen) or other materials covered by letters patent owned or controlled by the Cyanamid Company.

AGREEMENT WITH THE TORONTO POWER COMPANY LIMITED (THE TORONTO POWER COMPANY)

An Agreement dated September 5, 1914, provided that -

The Toronto Company sell, deliver and continuously maintain for the use of the Power Company in Canada such electric energy at 12,000 volts as constitutes the output at normal rating to be taken as 10,000 kilowatt amperes of each of two generators for a period of 5 years from September 5, 1914

The Power Company pay the following monthly sums for electric energy taken during the preceding calendar month-

A minimum monthly payment at the rate of $15,00 per horse power per year for 75% of the normal rated capacity of each generator computed separately

An additional payment each month at the rate of 2 mills per kilowatt hour for all energy in excess of 75% of such capacity.

An Agreement dated October 13, 1915, provided that -

The Toronto Company sell, deliver and continuously maintain for the use of the Power Company solely in Canada such electric energy at 12,000 volts as constitutes the output at normal rating to be taken as 10,000 kilovolt amperes of one generator for a period of 5 years from October 15, 1915

The Power Company pay the following monthly sums for electric energy taken during the preceding calendar month-

A minimum monthly payment at the rate of $15,00 per horse power per year for 75% of the normal rated capacity of the generator.

An additional payment each month at the rates shown below for all energy in excess of 75% of such capacity.

% of Normal Capacity	Excess Energy Rate	% of Normal Capacity	Excess Energy Rate
75	$ .00000	88	$ .00338
76	.00002	89	.00392
77	.00008	90	.00450
78	.00018	91	.00512
79	.00032	92	.00578
80	.00050	93	.00643
81	.00072	94	.00722
82	.00098	95	.00800
83	.00128	96	.00882
84	.00162	97	.00968
85	.00200	98	.01058
86	.00242	99	.01152
87	.00288	100	.01250

An Agreement dated March 17, 1916, provided that-

The Toronto Company sell, deliver and continuously maintain for the use of the Power Company such electric energy at 12,000 volts as consitututes the output at normal rating to be taken as 10,000 kilowatts of one generator for a period of 18 months from May 1, 1916.

AGREEMENTS WITH THE TORONTO POWER COMPANY
WITH THE TORONTO POWER COMPANY

An agreement dated September 5, 1914, provided that -

The Toronto Company will, deliver and continuously maintain for the use of the Power Company in Canada such electric energy at 12,000 volts as constitutes the output at normal rating to be taken as 10,000 kilowatts amperes of each of two generators for a period of 5 years from September 5, 1914

The Power Company pay the following monthly sums for electric energy taken during the preceding calendar month-

A minimum monthly payment at the rate of $15.00 per horse power per year for 75% of the normal rated capacity of each generator computed separately

An additional payment each month at the rate of 2 mills per kilowatt hour for all energy in excess of 75% of such capacity.

An agreement dated October 15, 1915, provided that -

The Toronto Company will, deliver and continuously maintain for the use of the Power Company solely in Canada such electric energy at 12,000 volts as constitutes the output at normal rating to be taken as 10,000 kilovolt amperes of one generator for a period of 5 years from October 15, 1915

The Power Company pay the following monthly sums for electric energy taken during the preceding calendar month-

A minimum monthly payment at the rate of $15.00 per horse power per year for 75% of the normal rated capacity of the generator.

An additional payment each month at the rates shown below for all energy in excess of 75% of such capacity.

% of Normal Capacity	Excess Energy Rate	% of Normal Capacity	Excess Energy Rate
75	$ .00000	88	$ .00338
76	.00002	89	.00382
77	.00006	90	.00430
78	.00018	91	.00512
79	.00032	92	.00576
80	.00050	93	.00640
81	.00072	94	.00728
82	.00098	95	.00800
83	.00128	96	.00882
84	.00162	97	.00968
85	.00200	98	.01058
86	.00242	99	.01152
87	.00288	100	.01250

An agreement dated March 17, 1916, provided that-

The Toronto Company will, deliver and continuously maintain for the use of the Power Company such electric energy at 12,000 volts as constitutes the output at normal rating to be taken as 10,000 kilowatts of one generator for a period of 18 months from May 1, 1916.

2--
AGREEMENT WITH THE TORONTO POWER COMPANY LIMITED
(THE TORONTO POWER COMPANY)

The Power Company pay $13.00 per horse power per year for the normal rated capacity of the generator, that is to say, an annual sum of $174,262.68.

AGREEMENT BETWEEN THE ONTARIO POWER COMPANY OF NIAGARA FALLS AND THE ONTARIO TRANSMISSION COMPANY, LIMITED

An Agreement made April 20, 1910, between the above Companies provided that -

The Transmission Company let, demise and lease to the Power Company all its undertaking and properties from May 1, 1910 to April 1, 1950.

The Power Company during the continuance of the demise pay rents to the Transmission Company in the following sums -

(a) A sum calculated at the rate of $2.50 per annum in gold coin of the United States of America for each electrical horse power of the Power Company transmitted over the lines of the Transmission Company during the year, or when horse power is sold on the kilowatt-hour basis and delivered over the lines of the Transmission Company 50 cents per 1000 kilowatt hours.

The payments to be made under this provision in any year not to be less than the amount required by the Transmission Company to pay the interest payable in that year on its outstanding bonds

(b) A sum equal to the amount of all taxes, assessments and municipal or governmental charges, levied or assessed upon the Transmission Company

(c) A reasonable sum to be determined by agreement for the administrative and operating expenses of the Transmission Company during the year

As part of the consideration for the lease of the Transmission Company's premises the Power Company assume all the contracts, obligations and liabilities of the Transmission Company including all bonds issued or which may be issued, and execute guarantees of payment of the bonds. Provided that the Power Company receive credit for the payment of all sums other than those in the form of rent set forth above with interest at 5% per annum thereon, on account of sums payable under paragraph (a) above

The Transmission Company give to the Power Company the option to acquire and purchase the demised premises at any time after the bonds of the transmission Company have been paid without further consideration than provided for in this Agreement

At or before the termination of the agreement the Transmission Company, upon the request of the Power Company grant a renewal of the lease of the demised premises for a further term of forty years.

AGREEMENT BETWEEN THE NIAGARA FALLS POWER COMPANY OF NIAGARA FALLS AND THE NIAGARA TRANSMISSION COMPANY, LIMITED

An agreement made April 30, 1910, between the above companies provided that -

The Transmission Company let, demise and lease to the Power Company all its undertaking and properties from May 1, 1910 to April 1, 1950.

The Power Company during the continuance of the demise pay rents to the Transmission Company in the following sums -

(a) A sum calculated at the rate of $8.50 per annum in gold coin of the United States of America for each electrical horse power of the Power Company transmitted over the lines of the Transmission Company during the year, or when horse power is sold on the kilowatt-hour basis and delivered over the lines of the Transmission Company 50 cents per 1000 kilowatt hours.
The payments to be made under this provision in any year not to be less than the amount required by the Transmission Company to pay the interest payable in that year on its outstanding bonds

(b) A sum equal to the amount of all taxes, assessments and municipal or governmental charges, levies or exacted upon the Transmission Company

(c) A reasonable sum to be determined by agreement for the administrative and operating expenses of the Transmission Company during the year

As part of the consideration for the leases of the Transmission Company's premises the Power Company assumes all the contracts, obligations and liabilities of the Transmission Company including all bonds issued or which may be issued, and accepts guarantees of payment of the bonds. Provided that the Power Company receive credit for the payment of all sums other than those in the form of rent set forth above with interest at 5% per annum thereon on account of sums payable under paragraph (a) above

The Transmission Company give to the Power Company the option to acquire and purchase the demised premises at any time after the bonds of the transmission Company have been paid without further consideration than provided for in this agreement

At or before the termination of the agreement the Transmission Company, upon the request of the Power Company grant a renewal of the lease of the demised premises for a further term of forty years.

COPY OF AN ORDER-IN-COUNCIL APPROVED BY HIS HONOUR THE LIEUTENANT-GOVERNOR, DATED the 26th day of May, A.D.1917.

Upon the recommendation of the Honourable the Attorney-General, the Committee of Council advise in accordance with the accompanying report and recommendation of the Hydro-Electric Power Commission of Ontario and pursuant to clauses "g" and "h" of section 8 of The Power Commission Act, Chapter 39, R.S.O. 1914, as enacted by section 3 of The Power Commission Act, 1917, Chapter 20, 7 George V, that the said The Hydro-Electric Power Commission of Ontario be authorized to purchase from John Joseph Allbright of the City of Buffalo, N.Y. Ninety thousand (90,000) shares of the out-standing One hundred thousand (100,000) shares of the Capital stock of The Ontario Power Company of Niagara Falls, Ontario, or so many more as the Vendor can deliveryfor Eighty dollars ($80.) per share, and to issue in payment of the purchase price forty year bonds of the Commission bearing interest at the rate of four per cent per annum payable half yearly, and for the aforesaid purpose to enter into and execute the agreement hereto annexed.

The committee further advise that in accordance with the said report and recommendation and pursuant to sections 14 (c) and 14 (d) of The Power Commission Act, Chapter 39, R.S.O. 1914, as enacted by section 5 of the

Power Commission Act, 1917, Chapter 20, 7 George V, Your Honour do agree on behalf of the Province of Ontario to guarantee the payment of the principal and interest of the said bonds and that the Prime Minister of Ontario be authorized to enter into and execute on behalf of the Province of Ontario the annexed agreement according to the tenor thereof.

Certified

(Signed) J. Lonsdale Capreol

Clerk, Executive Council

Page 42.

Power Commission Act, 1917, Chapter 29, 7 George V.

Your Honour do agree on behalf of the Province of Ontario to guarantee the payment of the principal and interest of the said bonds and that the Prime Minister of Ontario be authorized to enter into and execute on behalf of the Province of Ontario the annexed agreement according to the tenor thereof.

Certified

(Signed) J. Lonsdale Capreol

Clerk, Executive Council

Copy of an Order-in-Council approved by His Honour the Lieutenant-Governor, dated the 6th day of February, A.D. 1918.

The Committee of Council have had under consideration the report of the Honourable the Attorney-General, dated 5th February, 1918, wherein he stated that the Hydro-Electric Power Commission of Ontario as owners and controllers of The Ontario Power Company of Niagara Falls, have, owing to the great shortage of power in Ontario, decided to instal an additional wood stave pipe line and secure the necessary transformers and apparatus to produce an additional forty or fifty thousand horse power and whereas the Bank of Montreal has agreed to loan the said Hydro-Electric Power Commission of Ontario for said purpose the sum of One million two hundred and fifty thousand dollars ($1,250,000.) at 6% interest, such amount to be repayable out of the earnings of the company in monthly instalments, commencing one month from the time the power is delivered from the additional pipe line at the rate of Fifty thousand dollars $50,000) per month, it being estimated that the first repayment will be made about the 1st of November or the 1st of December, 1918, provided the Hydro-Electric Power Commission of Ontario do deposit with the said Bank as collateral security One million four hundred and twenty-five thousand dollars ($1,425,000.) of Ontario Power

Copy of an Order-in-Council approved by His Honour the Lieutenant-Governor, dated the 6th day of February, A.D. 1918.

The Committee of Council have had under consideration the report of the Honourable the Attorney-General, dated 6th February, 1918, wherein he stated that the Hydro-Electric Power Commission of Ontario as owners and controllers of The Ontario Power Company of Niagara Falls, have, owing to the great shortage of power in Ontario, decided to instal an additional wood stave pipe line and secure the necessary transformers and apparatus to produce an additional forty or fifty thousand horse power and whereas the Bank of Montreal has agreed to loan the said Hydro-Electric Power Commission of Ontario for said purpose the sum of One million two hundred and fifty thousand dollars ($1,250,000.) at 5% interest, such amount to be repayable out of the earnings of the company in monthly instalments, commencing one month from the time the power is delivered from the additional pipe line at the rate of fifty thousand dollars $50,000) per month, it being estimated that the first repayment will be made about the 1st of November or the 1st of December, 1918, provided the Hydro-Electric Power Commission of Ontario do deposit with the said Bank as collateral security One million four hundred and twenty-five thousand dollars ($1,425,000.) of Ontario Power

Company, 6% gold debentures, maturing in 1943, and do obtain the Government's guarantee of repayment of the said amount.

Under the circumstances, the Committee advise that the Government do guarantee the repayment of the said sum of One Million two hundred and fifty thousand dollars $1,250,000.) and interest as above set out to the said Bank by the Hydro-Electric Power Commission of Ontario, as representing The Ontario Power Company of Niagara Falls.

Certified.

L. Lonsdale Capreol

Clerk, Executive Council.

Company, 6% gold debentures, maturing in 1942, and do obtain the Government's guarantee of repayment of the said amount.

Under the circumstances, the Committee advise that the Government do guarantee the repayment of the said sum of One Million two hundred and fifty thousand dollars $1,250,000.) and interest as above set out to the said Bank by the Hydro-Electric Power Commission of Ontario, as representing The Ontario Power Company of Niagara Falls.

Certified.

E. Lonsdale Capreol

Clerk, Executive Council.

MINUTE BOOK NO. 2

Meeting on April 24th, 1907 (page 54)

"The Commission considered tenders of the Canadian Niagara Power Co. of August 13th, 1906, the Ontario Power Co. of February 8th, 1907, and the Electrical Development Co. of April 11th, 1907. The Commission concluded to recommend for acceptance to the Government the tender of the Ontario Power Company."

Meeting of March 5th, 1908 (Page 98

"A joint letter from the Chief Engineer and Mr.R.A.Ross, consulting engineer with reference to advisability of the Ontario Power Co. reducing their price for power if taken at 12,000 volts was laid before the meeting and carefully considered."

MINUTE BOOK NO. 3

Meeting on April 24th, 1907 (page 54)

"The Commission considered tenders of the Canadian Niagara Power Co. of August 13th, 1906, the Ontario Power Co. of February 8th, 1907, and the Electrical Development Co. of April 11th, 1907. The Commissioners concluded to recommend for acceptance to the Government the tender of the Ontario Power Company."

Meeting of March 5th, 1908 (page 32

"A joint letter from the Chief Engineer and Mr.H.A.Ross, consulting engineer with reference to advisability of the Ontario Power Co. reducing their price for power if taken at 12,000 volts was laid before the meeting and carefully considered."

MINUTE BOOK #5

Meeting March 7th, 1917 (Page 158)

"Authority was given for the purchase of the line and equipment from the Ontario Power Co. running from Niagara Falls to the Township of Stamford at the price of $12,759.40."

Meeting April 10th, 1917 (page 190)

"The Board decided that the Minister of Inland Revenue be again urged to withhold the issurance of licenses for the export of power by the Canadian Niagara Power Co. the Electrical Development Co. and the International Railway, and to limit the export of the Ontario Power Co. to 50,000 h.p. "

Meeting July 25th, 1917. (Page 246)

"The Secretary submitted a communication from Mr. Anglin, dated July 20th, submitting suggested order-in-council respecting interim bonds in connection with the purchase of the Ontario Power Co. After consideration the Board directed him to forward without delay an application for an Order-in-Council, in accordance with the recommendation of Mr. Anglin covering the matter, and also authorizing Mr. C.H.Sproule to sign the guarantee in the said bonds, as provided for in the agreement. "

MINUTES BOOK 4B

Meeting March 7th, 1917 (Page 180)

"Authority was given for the purchase of the line and equipment from the Ontario Power Co. running from Niagara Falls to the Township of Stamford at the price of $12,750.40."

Meeting April 10th, 1917:(page 190)

"The Board decided that the Minister of Mining Revenue be again urged to withhold the issuance of licenses for the export of power by the Canadian Niagara Power Co. the Electrical Development Co. and the International Railway, and to limit the export of the Ontario Power Co. to 80,000 h.p. "

Meeting July 26th, 1917.(page 246)

"The Secretary submitted a communication from Mr.Anglin, dated July 20th, submitting suggested order-in-council respecting interim bonds in connection with the purchase of the Ontario Power Co. After consideration the Board directed him to forward without delay an application for an Order-in-Council, in accordance with the recommendation of Mr. Anglin covering the matter, and also authorizing Mr. G.H.Sproule to sign the guarantee in the said bonds, as provided for in the agreement. "

MINUTE BOOK #5

Meeting of July 25th,1917.(Page 252)

"Communication dated July 7th from the Second Vice-President of the Ontario Power Company re outstanding notes of the Company amounting to $700,000. was read and the Board decided that in accordance with the request of the Company, these notes could remain outstanding until maturity. The Secretary was directed to so advise them and to see that sufficient security was retained by the Commission to fully protect them until the notes were paid. It was decided that Mr T.G.Meredith be present on the following Tuesday when final details in connection with the closing of the purchase of the Ontario Power are taken up. "

Meeting 19th Sept. 1917 (Page 290)

" The Board authorized the forwarding of the Commission's Bonds inconnection with the purchase of the Ontario Power Company's plant to Mr. Sproule, Assistant Provincial Treasurer for endorsement. "

MINUTE BOOK 85

Meeting of July 23rd.1917.(Page 282)

"Communication dated July 7th from the Second Vice-President of the Ontario Power Company re outstanding notes of the Company amounting to $700,000. was read and the Board decided that in accordance with the request of the Company, these notes could remain outstanding until maturity. The Secretary was directed to advise them and to see that sufficient security was retained by the Commission to fully protect them until thereafter were paid. It was decided that Mr. E.B.Merrith be present on the following Tuesday when final details in connection with the closing of the purchase of the Ontario Power are taken up."

Meeting 29th March. 1917 (Page 290)

" The Board authorized the forwarding of the Commission's Bonds in connection with the purchase of the Ontario Power Company's plant to Mr. Sproule, Ontario Provincial Treasurer for endorsement."

MINUTE BOOK NO. 12

ONTARIO POWER CO. OF NIAGARA FALLS

Meeting of Directors Oct. 17th, 1917 (Page #6)

"On motion, Mr. W. W. Pope's salary to be paid by the Ontario Power Company of Niagara Falls was fixed at $2,000. per annum, to take effect October 1st, 1917.

On motion Mr. F. A. Gaby's salary to be paid by the Ontario Power Company of Niagara Falls was fixed at $2,400. per annum, to take effect October 1st, 1917. "

ONTARIO POWER COMPANY

MINUTE BOOK NO. 12

Meeting of Directors, Dec. 5th, 1917 (Page 18)

Upon the report and recommendation of the Chief Engineer respecting the shortage of power to supply the needs of the Company and his recommendation that the Company's plant at Niagara Falls be extended and a wood stave pipe line, together with the necessary turbines and electrical equipment be constructed for a third conduit. It was resolved that the Company proceed with the extension of the plant at Niagara Falls, including an additional wood stave pipe line, turbines, electrical and other equipment, so that an additional capacity of from 40000 to 50000 h.p. be procuded. It was further resolved that the Chief Engineer proceed to secure tenders and full information in respect to the necessary turbines, and other electrical equipment and submit a report on the same at the earliest possible date.

Meeting of Directors Dec. 6th, 1917 (Page 20)

The matter of wood stave pipe line was again considered and the Chief Engineer was instructed to proceed without delay to prepare the necessary plans and material covering the proposed work, for submission to the Board of Directors for their consideration and approval, When such approval is given the Secretary was instructed to prepare and forward the necessary application to the Queen-Victoria Niagara Falls Park Commission.

ONTARIO POWER COMPANY

MINUTE BOOK NO. 12

Meeting of Directors, Dec. 8th, 1917 (page 12)

Upon the report and recommendation of the Chief Engineer respecting the shortage of power to supply the needs of the Company and his recommendation that the Company's plant at Niagara Falls be extended and a wood stave pipe line, together with the necessary turbines and electrical equipment be constructed for a third conduit. It was resolved that the Company proceed with the extension of the plant at Niagara Falls, including an additional wood stave pipe line, turbines, electrical and other equipment, so that an additional capacity of from 40000 to 50000 h-p. be provided. It was further resolved that the Chief Engineer proceed to secure tenders and full information in respect to the necessary turbines, and other electrical equipment and submit a report on the same at the earliest possible date.

Meeting of Directors Dec. 6th, 1917 (page 20)

The matter of wood stave pipe line was again considered and the Chief Engineer was instructed to proceed without delay to prepare the necessary plans and material covering the proposed work, for submission to the Board of Directors for their consideration and approval. When such approval is given the Secretary was instructed to prepare and forward the necessary application to the Queen-Victoria Niagara Falls Park Commission.

ONTARIO POWER COMPANY

MINUTE BOOK NO. 12

Meeting of Directors Dec.20th, 1917 (Page 22)

The Chief Engineer submitted a further report with respect to the construction of wood stave pipe line at Niagara, outlining an estimated expenditure of $1,806,000. covering the supplying of an additional 50,000 h.p. The matter was carefully considered and it was decided that the scheme in its entirety was necessary and feasible, providing the financial arrangements could be carried out and the matter was left in the hands of the President to submit a complete statement of the present and proposed earnings of the Company to the Bank of Montreal with a view of obtaining the necessary money to cover the work.

MINUTE BOOK NO. 12

ONTARIO POWER CO. OF NIAGARA FALLS

" Meeting of Directors June 26th, 1918 (Page 62)

" Moved by Mr. Lucas, seconded by Col. McNaughton that the salary of the President be increased by the sum of Six thousand dollars per annum such increase to date from the 1st day of August, 1917, the date on which the control of the Ontario Power Company of Niagara Falls passed into the hands of the Hydro-Electric Power Commission of Ontario. "

Meeting of Directors June 29th, 1920 (Page 108)

(Present; Beck, Gaby, Lucas, Carmichael, Pope & Gilmour)

"Upon motion duly made and seconded the salary to be paid to the 1st and 2nd Vice-President was fixed at $2,000. per annum each, the same to take effect from the 14th day of January, 1920, being the date upon which the annual general meeting was held. Also that $500.00 of the annual salary paid to W. C. Pierdon is to be charged to the Ontario Power Co. but this does not increase the present salary paid to him as Chief Accountant of the Hydro-Electric Power Commission of Ontario.

MINUTE BOOK NO. 12

ONTARIO POWER CO. OF NIAGARA FALLS

" Meeting of Directors June 26th, 1912 (Page 22)

" Moved by Mr. Lucas, seconded by Col. McNaughton that the salary of the President be increased by the sum of Six thousand dollars per annum such increase to date from the 1st day of August, 1912, the date on which the control of the Ontario Power Company of Niagara Falls passed into the hands of the Hydro-Electric Power Commission of Ontario. "

Meeting of Directors June 28th, 1920 (Page 108)

(Present;Beck,Cady,Lucas,Carmichael,Pope & Gilmour)

"Upon motion duly made and seconded the salary to be paid to the 1st and 2nd Vice-President was fixed at $2,000. per annum each, the same to take effect from the 14th day of January, 1920, being the date upon which the annual general meeting was held. Also that $800.00 of the annual salary paid to W. G. Plaxton is to be charged to the Ontario Power Co. but this does not increase the present salary paid to him as Chief Accountant of the Hydro-Electric Power Commission of Ontario.

ONTARIO POWER CO. - LETTERS ACKNOWLEDGING ORDERS FOR ADDITIONAL BLOCKS OF POWER.

July 6th, 1915: Letter The Ontario Power Company of Niagara Falls to H.E.P.C. of Ontario, stating that one thousand additional electric horsepower, making one hundred thousand (100,000) horsepower in all will be held in reserve for the Commission from and after March 25th, 1916.

FILE "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 5"

JULY 3rd, 1913. Outline of proposition by A. W. Anglin, solicitor for Ontario Power Co. to Queen-Victoria Niagara Falls Park Commission re new agreement for the purpose of constructing a third conduit in an open trench through the park to enable another 50,000 h.p. to be supplied to H.E.P.C. at $12.00 per h.p. Mentions conference at Niagara Falls June 28th between Attorney-General Hon.Mr. Foy, Chairman of Q.V.N.F. Park Commission, Mr. Landman, as member of Board of Q.V.N.F. Park Commission, Mr. Ellis, on the one hand and the President, Vice-President and solicitor of Ontario Power Co. on the other.

Feb. 23rd.1916 - Memo. to Chief Engineer- re Ontario Power Company Third pipe as per attached plans and description. States in part that "under the various agreements with the Park Commissioners the Ontario Power Co. has the right to install the third pipe line and surge tank, subject only to certain restrictions as to approval of plans and location."
(Memo. incomplete and unsigned)

FILE "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 8"

JULY 3rd, 1916. Outline of proposition by A. V. Anglin, solicitor for Ontario Power Co. to Queen-Victoria Niagara Falls Park Commission re new agreement for the purpose of constructing a third conduit in an open trench through the park to supply another 50,000 h.p. to be supplied to H.E.P.C. at $12.00 per h.p. Resolution conference at Niagara Falls June 23th between Attorney-General Hon.Mr. Foy, Chairman of Q.V.N.P. Park Commission, Mr. Landman, as member of Board of Q.V.N.P. Park Commission, Mr. Hills, on the one hand and the President, Vice-President and solicitor of Ontario Power Co. on the other.

Feb. 23rd,1916 - Memo. to Chief Engineer- re Ontario Power Company Third pipe as per attached plans and description. States in part that "under the various agreements with the Park Commissioners the Ontario Power Co. has the right to install the third pipe line and surge tank, subject only to certain restrictions as to approval of plans and location."

(Memo. incomplete and unsigned)

FILE "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO.5"

Feb. 28th, 1916- Letter, Ontario Power Co. to P.W.Ellis, Chairman of Queen-Victoria Niagara-Falls Park Commission: "Confirming the substance of our representations at the meeting with your Commission on the 12th instant we are proceeding with the construction of conduit No. 3 which will be similar to conduit No.2 .....all in accordance with the complete plans, etc. approved by the Commission by the Ontario Government and the Minister of Railways and Canals. It is our intention to begin active construction work in the park on April 1st next."

March 3rd, 1916 -"The Ontario Power Company of Niagara Falls
Marine National Bank Bldg.
Buffalo, N.Y.

Dear Sirs:-

Mr. P.W.Ellis, Chairman of the Queene-Victoria Niagara-Falls Park Commission has handed me your letter of Feb.28th with instructions to reply thereto.

In order that you may not commit yourself to any useless expenditure I beg to advise you that the Commission will not sent to your putting down the conduit No.3 mentioned in your letter.I will within the next few days write you again, giving you the chief reasons why the objection is made.

Yours truly,

No name on copy but apparently written by Geo.Lynch-Staunton,solicitor for the Q.V.N.F.Park Commission.

FILE "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO.6"

Feb. 22nd, 1916- Letter, Ontario Power Co. to F.W.Hills, Chairman of Queen-Victoria Niagara-Falls Park Commission:

"Confirming the assurance of our representations at the meeting with your Commission on the 12th instant we are proceeding with the construction of conduit No. 3 which will be similar to conduit No.2 .....all in accordance with the complete plans, now approved by the Commission by the Ontario Government and the Minister of Railways and Canals. It is our intention to begin active construction work in the park on April 1st next."

March 3rd, 1916 -"The Ontario Power Company of Niagara Falls
Marine National Bank Bldg.
Buffalo, N.Y.

Dear Sirs:-

Mr. F.W.Hills, Chairman of the Queen-Victoria Niagara-Falls Park Commission has handed me your letter of Feb.22th with instructions to reply thereto.

In order that you may not commit yourself to any needless expenditure I am to advise you that the Commission will not send to your putting down the conduit No.3 mentioned in your letter.I will within the next few days write you again, giving you the other reasons why the application is made.

Yours truly,

No name on copy but apparently written by Geo.Lynch Stanton,solicitor for the Q.V.N.F.Park Commission.

FILE "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 5"

March 4th, 1916 - "The Ontario Power Co. of Niagara Falls,
Marine National Bank Bldg.
Buffalo, N.Y.

Dear Sirs:-

Referring to your letter of Feb. 28th, 1916, to Mr. P.W.Ellis, Chairman, Queen-Victoria Niagara Falls Park Commission and to my letter of March 3rd to you I beg to advise you that the Commission cannot consent to your putting down the conduit No. 3, mentioned in your letter of Feb.28th for the following among other reasons:-

1. Your contract with the Commission does not obligate the Commission to allow you to take any specified quantity of water from the Niagara River through the Park, but it has always been assumed both by yourself and by the Commission that the amount of water you should be allowed to take was limited to sufficient with sufficient machinery for developing 180,000 h.p. of electrical energy and the Commission has no intention of allowing you to take any large quantity of water through the Park from the Niagara River.

2. At the time when the plan of Dec.23,1902, which showed for a short distance through the Park three pipes of 18' inside diameter was approved it was believed that according to the then state of the art it would require the capacity of these

FILE "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 8"

March 4th, 1916 - "The Ontario Power Co. of Niagara Falls,
Marine National Bank Bldg.
Buffalo, N.Y.

Dear Sirs:-

Referring to your letter of Feb. 28th,1916, to Mr. P.W.Hills, Chairman, Queen-Victoria Niagara Falls Park Commission and to my letter of March 3rd to you I beg to advise you that the Commission cannot consent to your putting down the conduit No. 8, mentioned in your letter of Feb.28th for the following among other reasons:-

1. Your contract with the Commission does not oblige the Commission to allow you to take any specified quantity of water from the Niagara River through the Park. But it has always been assumed both by yourself and by the Commission that the amount of water you should be allowed to take was limited to sufficient with sufficient machinery for developing 180,000 H.P. of electrical energy and the Commission has no intention of allowing you to take any large quantity of water through the Park from the Niagara River.

2. At the time when the plan of Dec.22.1908, which showed for a short distance through the Park three pipes of 12' inside diameter was approved it was believed that according to the then state of the art it would require the capacity of three

VIEW "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 8"

FILE "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO.5"

March 4th,1916 - (continued)

pipes to furnish sufficient water to efficient machinery to develop 180,000 h.p. and for that reason if for no other the Commission will not consent to a third pipe of 18 feet internal dimenions being constructed through the Park.

3. There is nothing in the above mentioned approval specified as to method of concealing or covering, etc. the pipes as is required in Section C of paragraph 4 of the contract 28th June, 1902.

4. Any rights which you were given by the approval of Dec.23,1902, have lapsed by reason of your not having within a reasonable time after such approval commenced and completed the construction of a third line.

5. If the Commission were satisfied that such a pipe line were necessary or order that you might carry sufficient water through the Park to develop 180,000 h.p. or that your rights under the approval of Dec. 23,1902, had not lapsed, still in the public interests, the Commission think it most undesirable to assemble large number of men,many of them who might be subject of nations at War with Great Britain to work in the Park or to permit dangerous blasting operations which might destroy or or injure works to necessary to the industrial interests of the country in the present serious condition.

RE: "ONTARIO POWER CO. CONSTRUCTION COMPANY, LTD."

March 6th,1916 - (continued)

pipes to furnish sufficient water to efficient machinery to develop 150,000 h.p. and for that reason if for no other the Commission will not consent to a third pipe of 12 feet internal diameter being constructed through the Park.

3. There is nothing in the above mentioned approval specified as to method of connecting or covering etc. the pipes as is required in Section 6 of paragraph c of the contract 28th June, 1901.

4. Any rights which you were given by the approval of Dec.22,1902, have lapsed by reason of your not having within a reasonable time after such approval commenced and completed the construction of a third line.

5. If the Commission were satisfied that such a pipe line were necessary or order that you might carry sufficient water through the Park to develop 150,000 h.p. or that your rights under the approval of Dec. 22,1902, had not lapsed, still in the public interest, the Commission think it would be inadvisable to assemble large number of men,many of them who might be subjects or nations at war with Great Britain to work in the Park or to permit dangerous blasting operations which might destroy or injure works to necessary to the industrial interests of the

FILE "ONTARIO POWER CO.CORRESPONDENCE GENERAL NO. 5"

June 23rd, 1916 - Ontario Power Co. to H.N.P.C. enclosing statement of certain items of cost of plant as of December 31st, 1915.

June 22nd, 1917 - Letter Berton, Grisoom & Co. 40 Wall St. New York to J.J.Alright (Ontario Power Co.) "Have you had anything in the nature of a direct offer for your Company? I am advised that one of the others has and I wanted to check up."

Jan. 24th, 1917 - Letter J.J.Alright to Beck enclosing letter from Berton, Grisoom & Co. stating that Berton has no doubt received his information from Sir William Mackenzie and that he had given Berton an evasive answer.

FILE "ONTARIO POWER CO.CORRESPONDENCE GENERAL NO. E"

June 22nd, 1916 - Ontario Power Co. to H.M.P.C. enclosing statements of certain items of cost of plant as of December 31st, 1916.

June 22nd, 1917 - Letter Burton, Grimson & Co. 40 Wall St. New York to W.J.Wright (Ontario Power Co.) "Have you had anything in the matter of a direct offer for your Company? I am advised that one of the others has and I wanted to check up."

Jan. 24th, 1917 - Letter W.J.Wright to back enclosing letter from Burton, Grimson & Co. stating that Burton has no doubt received his information from Sir William Mackenzie and that he had given Burton an evasive answer.

"FILE "ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 11

July 26th, 1917 (about) - Newspaper clipping "Toronto Daily Star" of advertisement of Ontario Power Company of Niagara notifying shareholders of Special General meeting on Tuesday, 31st day of July to ratify agreement between Alright and the H.E.P.C. dated 12th April.

[Notice is dated 29th June, 1917.]

Undated memo. About Aug.2nd - Says in part "the formal transfer of the Ontario Power Company to the H.E.P.C. was completed at a late hour yesterday and the properties taken over to-day."

Unsigned.

Directors:- Col.Sir Adam Beck - President

Col.W.K.McNaught - Vice-President

Hon.I.B.Lucas - Director

W.W. Pope -Director(Secretary

C.K.S.McInnes -Director

"PILK "ONTARIO POWER CO. OBHAMPOTOPHOR CH BRAI NO. 1.

July 26th, 1917 - Newspaper clipping "Toronto Daily Star" of (about)
advertisement of Ontario Power Company of
Niagara notifying shareholders of Special
General meeting on Tuesday, 31st day of July
to ratify agreement between Airlight and the
H.N.P.C. dated 12th April.
Invoice is dated 27th June, 1917.)

Undated memo. About Aug.2nd

" Says in part "the formal transfer of the
Ontario Power Company to the H.N.P.C. was
completed at a late hour yesterday and the
properties taken over to-day."
Unsigned.

Directors:- Col.Sir Adam Beck - President
Col.W.K.McNaught - Vice-President
Hon.I.B.Lucas - Director
W.W. Pope -Director(Secretary
C.K.S.Holmes -Director

FILE: ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 12

Undated inserted in correspondence Aug. 1918.

-(Unsigned memo.)

Notes regarding Ontario Power Companies Properties.

The Company has, at present, the following outstanding bonded indebtedness, viz:-

5% bonds, redeemable in		1945-	$9,984,000.
5%	" "	1945-	1,805,000.
5%	" "	1921	2,880,000.
			$14,669,000.

The sinking fund that would be payable on the basis of 156,000 h.p. is $225,000. per annum.

Rental on 156,000 h.p. amounts to $95,500. per annum.

These along with interest are included in the operating expenses, which total $1,300,000. per annum.

The physical value of the properties of the Ontario Power Company and the Ontario Transmission Company as of Dec. 1st, 1915, is $14,908,553.02.

Contracts existing between company and various consumers total approximately $226,666 h.p.from which the revenue is $2,447,998. The amount of power which would be required to serve the same contracts would be considerably less, due to the diversity factor of the various loads; it would probably be from 200,000 to

FILE: ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 12

Undated insertd in correspondence Aug. 1918.

-(Unsigned memo.)

Notes regarding Ontario Power Companies Properties.

The Company has, at present, the following outstanding bonded indebtedness, viz:-

5% bonds, redeemable in 1943-		$2,984,000.
5% " " 1948-		1,808,000.
5% " " 1921		2,680,000.
		$14,468,000.

The sinking fund that would be payable on the basis of 180,000 h.p. is $288,000. per annum.

Rental on 128,000 h.p. amounts to $98,800. per annum.

These & omg with interest are included in the operating expenses, which total $1,300,000. per annum.

The physical value of the properties of the Ontario Power Company and the Ontario Transmission Company as at Dec. 1st, 1918, is $14,302,885.02.

Contracts existing between company and various consumers total approximately 222,668 h.p.from which the revenue is $2,447,928. The amount of power which would be required to serve the same contracts would be considerably less, due to the diversity factor of the various loads;

210,000 h.p.

The estimated gross revenue(from information submitted to the Company) amounts to $1,814,500. leaving a balance of approximately $114,500.($154,500?) applicable to depreciation, which varies from $100,000 to $200,000 depending on the uses to which the plant can be put i.e. whether it is continued in operation or be scrapped in the future.

Taking depreciation reserve from the gross surplus we have an amount of $300,000. to $400,000. which can be used as interest and sinking fund on the bonds and debentures, in purchasing the plant and which is sufficient to carry the charges on $7,500,000. to $8,000,000 of 4% debentures redeemable in forty years.

All the above information is based on the assumption that the present contracts existing with the Company be continued for a period of at least three years and the failure to extend such contracts at present prices.

FILE - ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 13

210,000 H.P.

The estimated gross revenue(from information submitted to the Company) amounts to $1,814,300. leaving a balance of approximately $114,800.($184,800?) applicable to depreciation, which varies from $100,000 to $200,000 depending on the mean to which the plant can be put i.e. whether it is continued in operation or be scrapped in the future.

Taking depreciation reserve from the gross surplus we have an amount of $200,000. to $400,000. which can be used as interest and sinking fund on the bonds and debentures, in purchasing the plant and which is sufficient to carry the charges on $1,500,000. to $2,000,000 of 4% debentures redeemable in forty years.

All the above information is based on the assumption that the present contracts existing with the Company be continued for a period of at least three years and the failure to extend such contracts at present prices.

FILE - ONTARIO POWER CO. CORRESPONDENCE GENERAL NO.13

Jan.27th,1919- Letter Fred D. Corey, President Niagara, Lockport and Ontario Power Company to Sir Adam Beck complaining of power supply States that power supply was cut off the morning of the 27th instant and the whole system put out of business for a considerable length of time. "I feel sure that I have been in the power business long enough to know that this sort of treatment is the result, either of improper and very negligent operation at the Ontario Power Plant or something worse". Says that Mr. Gaby stated that the reason is "lack of co-operation on our part. Knowing as I do the extreme struggle we have made to so operate our own power sources during the past year and a half as to take your supply in almost any fasion you have handed it to us, I feel sorely injured in heart and soul to have the ladk of co-operation charged to us ....The operation at the Ontario plant insofar as it relates to the Company is extremely bad; and there is no disposition on the part of the operators there to co-operate with us in any way. We are treated as having no right whatever in the premises. We

FILE - ONTARIO POWER CO. CORRESPONDENCE GENERAL NO.12

Jan.27th,1919- Letter from H. Gorey, President Niagara, Lockport and Ontario Power Company to Sir Adam Beck complaining of power supply ... States that power supply was cut off the morning of the 27th instant and the whole system put out of business for a considerable length of time. "I feel sure that I have been in the power business long enough to know that this sort of treatment is the result, either of improper and very negligent operation at the Ontario Power Plant or something worse". Says that Mr. Gaby stated that the reason is "lack of co-operation on our part." Knowing as I do the extreme struggle we have made to so operate our own power sources during the past year and a half as to take your supply in almost any fashion you have handed it to us, I feel morely injured in heart and soul to have the lack of co-operation charged to us ....The operation at the Ontario plant insofar as it relates to the Company is extremely bad; and there is no disposition on the part of the operators there to co-operate with us in any way. We are treated as having no right whatever in the premises. We

FILE - ONTARIO POWER CO. CORRESPONDENCE GENERAL NO. 15

Jan.27th,1919. - are told to reduce our load to impossible
(continued)
limits within an impossible spaced time, and
that if we don't do so we will be cuttoff.
I am writing you in the serious fashion
because a point has been reached where it
spells ruin to this Company unless we can have
a regular supply from the Ontario Power Company
of at least 50,000 h.p."

PAGE - ONTARIO HOUSE VS. CONSCRIPTIONISTS GENERAL NO. 12

Jan.27th,1918. - are told to reduce our load to impossible limits within an impossible spaced time, and that if we don't do so we will be cut off.

(continued)

I am writing you in the serious fashion because a point has been reached where it spells ruin to this Company unless we can have a regular supply from the Ontario Power Company of at least 50,000 h.p."